



**中国中信金融资产**  
**China CITIC Financial AMC**

**中國中信金融資產管理股份有限公司**  
**China CITIC Financial Asset Management Co., Ltd.**  
*(A joint stock limited liability company incorporated in the People's Republic of China)*

## **Articles of Association**

**Beijing, the PRC**  
**2024**

**The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.**

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- Article 5                   The Company is a joint stock limited company in perpetual existence.
- Article 6                   In accordance with the relevant regulations of the Constitution of the Communist Party of China and the Company Law, organization of the Communist Party of China (hereinafter the “Party”) shall be established. The Party Committee shall play the core leadership role, providing direction, managing the overall situation and ensuring implementation. Meanwhile, the working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.
- Article 7                   The legal representative of the Company shall be the chairman of the board of directors.
- Article 8                   These Articles shall be passed at the shareholders’ general meeting by resolution and approved by the banking regulatory authority of the State Council before becoming effective upon the approval by the China Banking and Insurance Regulatory Commission. The original articles of association shall automatically expire upon the effective date of these Articles. These Articles shall become a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and its shareholders and among the shareholders from the date on which it becomes effective.
- Article 9                   These Articles shall be binding upon the Company and its shareholders, directors, supervisors, president and other senior management members. All of the above persons may make claims related to matters of the Company in accordance with these Articles.
- Pursuant to these Articles, the shareholders shall have the right to sue the Company; the Company shall have the right to sue its shareholders; the shareholders shall have the right to sue other shareholders; the shareholders and the Company shall have the right to sue directors, supervisors and senior management members of the Company.
- For the purposes of the preceding paragraph, the term “sue” shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.
- Article 10                  The capital of the Company shall be divided into shares of equal value. The respective liability of the shareholders shall be limited to the shares held by them. The Company shall be liable for its debts with all its assets.

Article 11 The Company may, in line with its business development needs, and upon the decision of its internal competent department and the approval of the relevant authorities of the State, establish, change or revoke domestic or overseas entities including but not limited to branches and subsidiaries in accordance with the laws, regulations, regulatory documents and provisions of these Articles.

The Company may invest in other limited liability companies and joint stock limited companies in accordance with the relevant laws and shall be responsible for the companies in which the Company has invested within the limitation of the amount of the Company's capital contribution.

The Company implements penetrating management on equity contribution in accordance with the requirements of state-owned financial capital management.

Article 12 The senior management members referred to in these Articles shall mean the president, vice president, assistant to the president, board secretary, chief risk officer, chief financial officer, chief audit officer and other management officers appointed by the board of directors. The qualifications of directors, supervisors and senior management members shall be in compliance with the applicable laws, regulations, regulatory documents and these Articles.

## **CHAPTER 2 MISSION AND SCOPE OF BUSINESS**

Article 13 The mission of the Company: adhering to the return to the source of serving the real economy and focus on its core business of distressed assets management with high-quality development as the core, in order to create value for its shareholders, employees and the society.

Article 14 The business scope of the Company includes:

- (1) management, investment and disposal of distressed assets of financial institutions and non-financial institutions through acquisition and entrusting;
- (2) management, investment and disposal of asset of debt-equity swap;
- (3) external investments;
- (4) securities dealing;
- (5) issuance of financial debentures;
- (6) inter-bank lending and borrowings;

- (7) providing commercial financing to other financial institutions;
- (8) bankruptcy management;
- (9) consulting and advisory business on finance, investment, legal and risk management;
- (10) asset and project assessment;
- (11) approved asset securitization and custody and liquidation of financial institutions;
- (12) other businesses approved by the banking regulatory authority of the State Council.

## **CHAPTER 3 SHARES AND REGISTERED CAPITAL**

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

- Article 15                   The Company shall have ordinary shares at all times. The Company may create other classes of shares if necessary, upon approval by the examining and approving departments authorized by the State Council.
- Article 16                   All shares issued by the Company shall take the form of stocks with par value, which shall be RMB1 for each share.
- Article 17                   The shares of the Company shall be issued based on the principles of openness, fairness and justice, and each share in the same class shall rank *pari passu*.
- The conditions and price for the issuance of shares of the same class at the same time shall be the same. Shares shall be subscribed for by any entities or individuals at the same price.
- Article 18                   The Company may issue shares to investors within the PRC and to investors outside the PRC upon approval by the relevant authorities of the State.
- For the purposes of the preceding paragraph, “investors outside the PRC” shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and “investors within the PRC” shall refer to investors within the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 19

The shares issued by the Company for the subscription of investors within the PRC in Renminbi shall be referred to as “domestic shares”. The shares issued by the Company for the subscription of investors outside the PRC in a foreign currency shall be referred to as “foreign shares”. Shares issued with the approval of issuance by departments authorized by the State Council and listed and traded on an overseas stock exchange with the approval of the overseas securities regulatory authorities shall be referred to as overseas listed shares.

Foreign currencies referred to in the preceding paragraph represent the legal currencies of other countries or regions other than Renminbi that are recognized by competent authorities of the State Administration of Foreign Exchange for the payment of share subscription to the Company.

Article 20

Upon approval by the examining and approving department authorized by the State Council, the total number of ordinary shares that may be issued by the Company shall be 80,246,679,047. The number of shares issued to the promoters, when the Company was reorganized as a joint stock limit company was 25,835,870,462, representing 100% of the total number of ordinary shares that may be issued by the Company at that time. MOF contributed RMB25,335,870,462 of the appraised net assets of China Huarong Asset Management Corporation as of September 30, 2011, representing 25,335,870,462 shares while China Life contributed RMB500,000,000 of cash, representing 500,000,000 shares.

Article 21

The Company issued 6,374,338,000 overseas listed shares in the course of its initial public offering and listing of shares, representing 16.32% of the total ordinary shares that may be issued by the Company at that time.

After its initial public offering and listing of shares, the share capital of the Company comprises: 39,070,208,462 ordinary shares in total, including 12,376,355,544 domestic shares held by the MOF, the promoter, and 1,650,000,000 domestic shares held by China Life, the promoter, representing 35.90% of the total ordinary shares that may be issued by the Company at that time, and 25,043,852,918 overseas listed shares, representing 64.10% of the total ordinary shares that may be issued by the Company at that time.

Upon the Approval of the CBIRC on the Change of Equity of China Huarong Asset Management Co., Ltd. (Yin Bao Jian Fu [2019] No. 1030), the MOF transferred 10% of the shares in the Company to the National Council for Social Security Fund on a one-off basis. After the transfer, the share capital of the Company comprises: 39,070,208,462 ordinary shares in total, including 9,901,084,435 domestic shares held by the MOF, the promoter, 1,650,000,000 domestic shares held by China Life, the promoter, and 2,475,271,109 domestic shares held by National Council for Social Security Fund, representing 35.90% of the total ordinary shares that may be issued by the Company at that time, and 25,043,852,918 overseas listed shares, representing 64.10% of the total ordinary shares that may be issued by the Company at that time.

After the non-public issuance of domestic shares and overseas listed shares by the Company in 2021, the share capital of the Company comprises: 80,246,679,047 ordinary shares in total, including 9,901,084,435 domestic shares held by the MOF, the promoter, 1,650,000,000 domestic shares held by China Life, the promoter, 41,690,957,381 domestic shares held by other holders of domestic shares of the Company, representing 66.35% of the total ordinary shares that may be issued by the Company, and 27,004,637,231 overseas listed shares, representing 33.65% of the total ordinary shares that may be issued by the Company.

Domestic shares issued by the Company are under centralized depository of China Securities Depository and Clearing Corporation Limited, whereas overseas listed shares issued by the Company are mainly under the depository of the custodian company of Hong Kong Securities Clearing Company Limited or held in the name of individual shareholders.

## Article 22

After the plan for issuing overseas listed shares and domestic shares has been approved by the securities regulatory authorities of the State Council, the board of directors of the Company may arrange for implementation of such plan by means of separate issuance.

The Company's plan for separate issuance of overseas listed shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months upon the date of approval from the securities regulatory authorities of the State Council.

Subject to approval by the securities regulatory authorities of the State Council, the shareholders who hold non-listed shares of the Company may transfer all or part of the shares to overseas investors and arrange for the listing and trading of its shares on stock exchange outside PRC; the shareholders who hold non-listed shares of the Company may convert all or part of the shares into overseas listed shares and arrange for the listing and trading of its shares on stock exchange outside PRC. Such transferred or converted shares listed and traded on overseas stock exchanges shall be subject to the regulatory procedures, rules and requirements of the foreign securities market. No approval of shareholders' general meeting or meeting of class shareholders is required for the listing and trading of the transferred shares on stock exchange outside the PRC, or all or part of the unlisted shares being converted into overseas listed shares and listed and traded on stock exchange outside the PRC.

Where the Company's non-listed shares are approved to be listed and traded overseas, the class of shares shall be converted into overseas listed shares on the date of overseas listing and the same class shares as the original overseas listed shares.

Article 23 If the Company issues overseas listed shares and domestic shares separately within the total number of shares specified in the issuance plan, such issuance shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for once due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued in several stages.

Article 24 The registered capital of the Company: RMB80,246,679,047.

## **Section 2 Increase or Reduction and Repurchase of Shares**

Article 25 Upon the demands of operation and business development and in accordance with relevant laws and regulations and these Articles, the Company may, subject to resolutions of the shareholders' general meeting and approval from the relevant authorities of the State, increase its registered capital in the following ways:

- (1) offering Shares to specific investors;
- (2) offering Shares to the public;
- (3) placing Shares to existing Shareholders;
- (4) dispatching bonus Shares to existing Shareholders;
- (5) capitalization of capital reserve;
- (6) other methods provided by laws and regulations and approved by the relevant regulatory authorities.

The increase in the share capital of the Company by issuing new shares shall be approved in accordance with these Articles and shall be conducted in accordance with the procedures specified under relevant laws, regulations and regulatory documents.

The conversion of convertible bonds issued by the Company to shares will result in the increase in its registered capital, and such conversion shall be proceeded in accordance with the relevant laws, regulations, regulatory documents and relevant documents including the offering prospectus of convertible bonds.

Article 26 The Company may reduce its registered capital. Where the Company reduces its registered capital, it shall comply with the procedures provided by the Company Law and other applicable laws, regulations, regulatory documents and these Articles.

The registered capital of the Company after the reduction shall not be less than the statutory minimum.

Article 27

The Company must prepare a balance sheet and an inventory of assets when it is to reduce its registered capital.

The Company shall notify its creditors within 10 days from the date of adopting the resolution to reduce its registered capital and shall publish an announcement of the resolution in a newspaper at least three times within 30 days from the said date. Creditors shall, within 30 days of receiving the written notice or within 90 days since the date of the first announcement for those who have not received the written notice, be entitled to demand the Company to pay its debts in full or to provide a guarantee for repayment.

Article 28

The Company may repurchase its shares in the following circumstances in accordance with the laws, regulations and procedures provided by these Articles and subject to the approval of the relevant authorities of the State:

- (1) reducing its registered capital of the Company;
- (2) merging with any other companies holding the shares in the Company;
- (3) giving the shares for employee stock ownership plan or option incentive;
- (4) being requested to repurchase the shares of the Company by the shareholders who object to the resolutions adopted at the shareholders' general meeting concerning merger or division of the Company;
- (5) using the shares for conversion of corporate bonds issued by listing companies which are convertible into shares;
- (6) being necessary for listing companies to protect company value and the rights and interests of shareholders; or
- (7) other circumstances permitted by the laws and regulations.

Other than the abovementioned circumstances, the Company may not purchase or sell its own shares.

Where the Company repurchases its shares under circumstances (1), (2) above, a resolution shall be passed by the shareholders' general meeting; where the Company repurchases its shares under circumstances (3), (5) and (6) above, a resolution shall be passed by a board meeting with more than two-thirds of the directors present, in accordance with the Articles of Association or mandate by the shareholders' general meeting. Where the Company repurchases its shares under circumstance (1), it shall cancel the shares within 10 days from the date of repurchase. Where the Company repurchases its shares under circumstances (2) and (4), the Company shall transfer or cancel the shares within six months; where the Company repurchases its shares under circumstances (3), (5) and (6), the aggregate shares of the Company held by the Company itself shall not exceed 10% of the total shares issued by the Company and shall be transferred or cancelled within three years.

Where the Company repurchases its shares, it shall comply with the relevant requirements of the Securities Law and the Hong Kong Listing Rules.

Article 29

Where the Company cancels the portion of shares due to repurchase shares, such portion of shares shall be cancelled within the period prescribed by the laws and regulations, and the Company shall file an application for the registration of a change of its registered capital with the original company registration authority.

The aggregate par value of the shares being cancelled shall be deducted from the Company's registered capital.

Article 30

The Company may repurchase its shares in any of the following ways after being approved by the relevant authorities of the State in accordance with the laws:

- (1) making a repurchase offer to all shareholders on a pro rata basis;
- (2) repurchasing by means of public dealing on a stock exchange;
- (3) repurchasing by an off-market agreement; or
- (4) other methods permitted by laws and regulations or by the relevant authorities.

Where the Company repurchases its shares under circumstances (3), (5) and (6) in paragraph 1 under Article 28 of these Articles, the repurchase shall be carried out by public and centralized transactions.

## Article 31

Where the Company repurchases its shares by an off-market agreement, the prior approval of shareholders' general meeting shall be obtained in accordance with these Articles. The Company may terminate or amend the contracts entered into in the aforementioned ways or waive any right under such contract.

A contract to repurchase shares referred to in the preceding paragraph includes (without limitation) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of the Company.

The Company shall not assign a contract to repurchase its shares or any right under the contract.

For the redeemable shares which can be repurchased by the Company, other than such repurchases made through the stock exchange or by tender, the repurchase price shall be limited to a certain single maximum price. If such purchases are made by tender, tenders shall be available to all shareholders alike.

## Article 32

Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its issued shares:

- (1) Where the Company repurchases its own shares at par value, payment shall be deducted from the book balance of distributable profits of the Company and the proceeds from the issuance of new share for the purpose of repurchasing the existing shares.
- (2) Where the Company repurchases shares of the Company at a price higher than the par value, the portion equivalent to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the issuance of new share for the purpose of repurchasing the existing shares, and the portion beyond the par value shall be handled as follows:
  - (i) if the shares repurchased are issued at par value, the payment shall be deducted from the book balance of the distributable profits of the Company; or

- (ii) if the shares repurchased were issued at a price higher than the par value, payment shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the issuance of new share for the purpose of repurchasing the existing shares, provided that the amount deducted from the proceeds from the issuance of new share shall neither exceed the aggregate premium from the issuance of the existing shares repurchased nor shall it exceed the amount (including the premiums from the new share issue) in the premium account or the capital reserve account at the repurchase.
- (3) Payments for the following purposes shall be made out of the Company's distributable profits:
  - (i) acquisition of the right to repurchase shares of the Company;
  - (ii) modification of any contract to repurchase shares of the Company; or
  - (iii) release of any of the Company's obligation under any contract for the repurchase of its shares.
- (4) After the total par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant regulations, the amount deducted from the distributable profits for the repurchase of shares at par value shall be included in the Company's premium account or capital reserve account.
- (5) For financial issues involved in share repurchase otherwise provided by the laws, regulations, regulatory documents and relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed, such provisions shall be followed.

### **Section 3 Transfer and Pledge of Shares**

#### **Article 33**

Unless otherwise provided by laws, regulations and securities regulatory authorities of the place where the Company's shares are listed, fully paid-up shares in the Company are freely transferable and are not subject to any lien.

To transfer the overseas listed shares listed in Hong Kong, the transferor shall carry out registration at the share registrar entrusted by the Company in Hong Kong.

#### Article 34

All the fully paid-up overseas listed shares that are listed in Hong Kong can be freely transferred in accordance with these Articles; provided unless the following requirements are met, the board of directors may refuse to accept any transfer documents without giving any explanation for such refusal:

- (1) the registration fee is duly paid to the Company in accordance with the Hong Kong Listing Rules required by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the transfer documents and other documents which are relevant to or which would affect the ownership of the shares are duly registered;
- (2) such transfer documents only relate to overseas listed shares listed on the Hong Kong Stock Exchange;
- (3) any stamp duty payable for the transfer documents is duly paid in accordance with the laws of Hong Kong;
- (4) relevant share certificates and other proof which proves the transferor’s ownership of the shares shall be provided, as the board of directors may reasonably require;
- (5) there shall only be a maximum of four joint holders of shares in the event that the shares are to be transferred to joint holders; and
- (6) no lien shall be attached to the relevant shares.

Where the board of directors refuses to register the transfer of shares, the Company shall issue a notice of refusal to the transferor and transferee within 2 months from the date of application for the transfer.

All transfer of shares listed in Hong Kong shall be effected with a written transfer instrument in general or ordinary form or such other form as approved by the board of directors, including the standard transfer form and the transfer form that Hong Kong Stock Exchange may provide from time to time. Such instrument may be signed manually or (if the transferor or the transferee is a company) signed by way of attaching the company seal. Where the transferor or the transferee is a recognized clearing house as defined under the Hong Kong Securities and Futures Ordinance (Chapter 571 of Hong Kong Law) (the “recognized clearing house”), or any of its agents, the transfer form may be signed manually or mechanically printed.

#### Article 35

Shares that are held by promoters shall not be transferred within one year from the date of establishment of the Company. Shares that have been issued before public offering of the Company shall not be transferred within one year from the date that the shares of the Company are listed on a stock exchange.

Directors, supervisors and senior management members of the Company shall declare to the Company that their shareholdings in the Company and any alternation of such shareholdings. They shall not transfer more than 25% of all the shares held in the Company in any particular year during their tenure. They shall not transfer the shares held within one year from the date of the Company's listing on a stock exchange, or six months after they cease to hold their posts.

Article 36                      The Company shall not accept its shares as the subject matter of a pledge.

## **CHAPTER 4   FINANCIAL ASSISTANCE FOR PURCHASE OF SHARES OF THE COMPANY**

Article 37                      The Company or its subsidiaries shall not offer any financial assistance at any time by any means to purchasers or prospective purchasers of the Company's shares. Such purchasers of the Company's shares shall include those who directly or indirectly assume the obligations in relation to the purchase of the shares of the Company.

The Company or its subsidiaries shall not offer any financial assistance at any time by any means in order to reduce or release the obligations of the aforesaid obligator.

This Article does not apply to the circumstances mentioned in Article 39 of this chapter.

Article 38                      "The financial assistance" referred to in this chapter includes (without limitation) the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own fault), release or waiver of rights;
- (3) provision of loan or entering into agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights under, such loan or agreement; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent, has no net assets or when its net assets would thereby be reduced to a material extent.

“Assumes an obligation” referred to in this chapter includes the assumption of obligations by changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Article 39

The following activities shall not be deemed to be prohibited for the purpose of Article 37 of this chapter:

- (1) the provision of financial assistance by the Company is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the purchase of the Company’s shares, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividends;
- (3) the allotment of bonus shares of the Company as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected in accordance with these Articles;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of business (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company); and
- (6) the provision of money by the Company for an employee shareholding scheme (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

## **CHAPTER 5 SHARE CERTIFICATES AND REGISTER OF MEMBERS**

Article 40

Share certificates of the Company shall be in registered form and shall state clearly the following items:

- (1) name of the Company;
- (2) incorporation date of the Company;
- (3) class of share, par value and the number of shares so represented;

- (4) certificate number; and
- (5) other items required by the Company Law and the stock exchange of the place where the shares of the Company are listed.

Overseas listed shares of the Company may be issued in the form of depositary receipt or other derived forms of shares in accordance with the laws and practices on securities registration and depositary of the place where the shares of the Company are listed.

#### Article 41

Share certificates shall be signed by the chairman of the board of directors. In case the president and other senior management members of the Company are required to sign under the requirements of the securities regulatory authorities of the place where the Company's shares are listed, the share certificates shall also be signed by such persons. The signature on share certificates by the chairman of the board of directors of the Company, the president or other relevant senior management members could also be made in printed form. The share certificates shall be effective upon the affixture of the Company's seal or the affixture of the seal in printed form. Authorization from the board of directors shall be obtained for the affixture of the Company's seal on the share certificates.

For dematerialized issuance and trading, other requirements of the securities regulatory authorities of the place where the Company's shares are listed shall be applicable.

#### Article 42

The Company shall maintain a register of members, and include the followings:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable by each shareholder for the respective shares held;
- (4) the serial numbers of shares held by each shareholder;
- (5) the date when each shareholder is registered as a shareholder; and
- (6) the date when each shareholder ceases to be a shareholder.

The register of members shall be the sufficient evidence of the shareholders' shareholding in the Company, unless there is evidence to the contrary.

When the Company convenes a shareholders' general meeting, distributes dividends, enters into liquidation or engages in other activities for which it is necessary to ascertain the identity of shareholders, the Board of Directors or the convener of the shareholders' general meeting shall fix a record date and those shareholders appearing on the register of members as at the end of the record date shall be entitled to the relevant interests.

Article 43

The Company may, pursuant to the mutual understanding and agreement made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, maintain the register of holders of overseas listed shares overseas, and engage overseas agent(s) to manage such register of members. The original copy of the register of holders of overseas listed shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a copy of the register of members of overseas listed shares in the domicile of the Company. Overseas agency so engaged shall at any time ensure the consistency of the original copy and the copy of the register of holders of overseas listed shares.

If there is any discrepancy between the original copy and the copy of the register of holders of overseas listed shares, the original copy shall prevail.

Article 44

The Company shall maintain a complete register of members.

The register of members shall include the following parts:

- (1) the register of members maintained in the domicile of the Company other than those described in items (2) and (3) of this article;
- (2) the register of holders of overseas listed shares maintained in the place of stock exchange where the shares are listed;
- (3) the register of members maintained in other places as the board of directors may consider necessary for the purpose of the listing of the Company's shares.

Article 45

Different parts of the register of members shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Alterations or amendments on each part of the register of members shall proceed in accordance with the laws of the place where that part of the register of members is maintained.

Article 46

If the laws, regulations, departmental rules, regulatory documents and securities regulatory authorities of the place where the shares of the Company are listed have requirements during the period of suspending the registration of share transfer prior to convening of shareholders' general meeting or prior to the date for the determination of the basic of dividend distributions, such requirements shall be followed.

Article 47

Any person who has an objection to the register of members and requests for the registration of his/her/its name in the register of members or requests to remove his/her/its name from the register of members, may apply to the court of jurisdiction to amend the register of members.

Article 48

Any member registered in the register of members or any person requesting for the registration of his/her/its name in the register of members may apply to the Company to reissue new share certificate for his/her/its respective shares (i.e. "relevant shares") if his/her/its original share certificate (i.e. "original share certificate") is lost.

Application by a holder of domestic shares who has his/her/its share certificate lost or destroyed and applies for reissuance shall be dealt with in accordance with the Company Law.

Application by a holder of overseas listed shares who has his/her/its share certificate lost or destroyed and applies for reissuance shall be dealt with in accordance with the laws of the place where the original copy of the register of members who are holders of overseas listed shares is maintained and the rules of the stock exchange or other relevant regulations.

In case that a holder of overseas listed shares has his/her/its share certificate lost or destroyed and applies for reissuance, the reissuance of a share certificate shall comply with the following requirements:

- (1) Applicants shall submit his/her/its application in the standard form prescribed by the Company with the notarial certificate or statutory declaration documents attached. The notarial certificate or statutory declaration documents shall include the ground for application, circumstances and evidences of the loss of share certificate, as well as a declaration that no other person may request for the registration as the holder of the relevant shares.
- (2) Before the Company makes the decision on the reissuance of new share certificate, no declaration of the request for the registration as members of such shares by any person other than the applicants has been received.

- (3) In case the Company decides to reissue new share certificate to the applicant, an announcement of such reissuance shall be published on the newspapers designated by the board of directors at least every 30 days within a period of 90 days.
- (4) Before the Company publishes the announcement of the reissuance of a share certificate, a copy of the announcement intended to be published shall be submitted to the stock exchange of the place where the shares are listed. Upon the receipt of response from such stock exchange that confirms that such announcement has been exhibited in the premises of the stock exchange, the announcement may be published. Such announcement shall be exhibited in the premises of the stock exchange for a period of 90 days.

If the application for the reissuance of share certificate is made without the consent of registered holder of the relevant shares, the Company shall deliver a copy of the announcement intended to be published to such shareholder by post.

- (5) Upon the expiration of 90 days period of the announcement and exhibition referred to in items (3) and (4) of this Article, if no objection on the reissuance of the share certificate has been received by the Company, a new share certificate may be reissued pursuant to the applicant's application.
- (6) When the Company reissue new share certificate pursuant to this Article, the original share certificate shall be cancelled immediately, and such cancellation and reissuance shall be registered in the register of members.
- (7) All costs for the cancellation of the original share certificate and the reissuance of new share certificate incurred shall be borne by the applicant. Until the applicant provides any reasonable guarantee, the Company shall be entitled to reject to take any action.

#### Article 49

After the reissuance of a new share certificate by the Company pursuant to these Articles, the name of the bona fide purchaser acquiring the aforesaid new share certificate or of the person (a bona fide purchaser) subsequently registered as the owner of such shares shall not be removed from the register of members.

#### Article 50

The Company has no obligation to compensate for those who suffer loss from cancellation of original stock certificates or reissuance of new share certificates unless they can prove that the Company has fraudulent conduct.

#### Article 51

In the case of anonymous warrant, no new warrant shall be issued to replace the lost warrant unless the Company is convinced that the original warrant has been destroyed beyond reasonable doubt.

## CHAPTER 6 PARTY ORGANIZATION (PARTY COMMITTEE)

### Article 52

The Company shall establish the Party Committee, which shall consist of one secretary, one to two deputy secretaries and several committee members. The chairman of the board of directors shall concurrently serve as the secretary of the Party Committee. One deputy secretary shall assist the secretary in carrying out Party building works. Eligible members of the Party Committee may assume the position of directors, supervisors and the senior management of the Company through legal procedures, and eligible Party members who are directors, supervisors and senior management may join the Party Committee in accordance with relevant rules and procedures. Meanwhile, the Company shall establish the Discipline Inspection Commissions in accordance with relevant regulations.

### Article 53

The Party Committee of the Company shall perform the following duties in accordance with regulations of the Party including the Constitution of the Communist Party of China and Working Regulations of the Group of Communist Party of China (for Trial Implementation):

- (1) Ensure and supervise the Company's implementation of the principles and guidelines of the Party and the State, and to implement major strategic decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of higher-level Party organizations.
- (2) Strengthen the leadership and gatekeeping role in the management of the process of selection and appointment of personnel, focusing on standards, procedure, evaluation, recommendation and supervision, uphold the integration of the principle that the Party manages the officials with the function of the board of directors in the lawful selection of the senior management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the senior management.
- (3) Research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and to provide comments and suggestions in this regard. To support the shareholders' general meeting, the board of directors, the board of supervisors and the senior management in performing their duties in accordance with laws; to support the Congress of Employees in carrying out its work.

- (4) Assume the primary responsibility to run the Party comprehensively with strict discipline, lead the Company's ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the Labor Union of the Company and the Communist Youth League, lead the construction of the Party's working style and its clean and honest administration, and support the Party discipline inspection commissions in earnestly performing its supervisory responsibilities.
- (5) Strengthen the building of the Company' grassroots Party organizations and of its contingent of Party members, give full play to the role of Party branches as strongholds and to the role of Party members as pioneers and fine examples, and unite and lead officials and employees bank-wide to devote themselves into the reform and development of the Company.
- (6) Other material matters that fall within the duty of the Party Committee.

## **CHAPTER 7 SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS**

### **Section 1 Shareholders**

#### **Article 54**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is recorded in the register of members.

A shareholder shall enjoy rights and assume obligations according to the class and number of shares held. Shareholders who hold shares of the same class shall have the same rights and obligations.

Where two or more persons are registered as the joint holders of any share(s), they shall be deemed as the joint owners of such share(s), provided that:

- (1) the Company shall not register more than four persons as the joint holders of any share(s);
- (2) all the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts payable for such share(s);
- (3) if any of the joint shareholders is deceased, only the surviving joint shareholders shall be regarded as the owners of the relevant shares of the Company. The board of directors may require the provision of a certificate of death to the satisfaction of the board of directors for changing the records of the register of members;

- (4) for joint shareholders of shares, only the joint shareholder whose name appears first in the register of members has the right to receive the share certificate of the relevant shares from the Company, to receive notices of the Company, to attend shareholders' general meeting of the Company and to exercise all the voting rights attached to the relevant shares. Any notice served to such shareholder shall be treated as having been served to all joint shareholders of the relevant shares.

## Article 55

The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings;
- (3) the right to vote at shareholders' general meetings in proportion to the number of shares held;
- (4) the right to supervise the operation of the Company, to raise proposals and enquires;
- (5) the right to transfer, bestow or pledge shares in accordance with laws, regulations, regulatory documents, requirements of the securities regulatory authorities of the place where the Company's shares are listed and these Articles;
- (6) the right to obtain information in accordance with the laws, regulations and these Articles, including:
  - (i) the right to obtain a copy of these Articles, subject to payment of the cost;
  - (ii) the right to inspect and, subject to payment of a reasonable charge, obtain copies of the following information in a specified place during the business hours of the Company:
    - (a) the particulars of each of the Company's directors, supervisors and senior management;
    - (b) minutes of shareholders' general meetings;
    - (c) all registers of members;
    - (d) a statement of the Company's share capital;

- (e) the latest audited financial statements, and the reports of the board of directors and the board of supervisors;
- (f) special resolutions of shareholders' general meetings;
- (g) reports showing the aggregate par value, quantity, and maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the previous accounting year and the total costs paid by the Company for such purpose; and
- (h) other information available for inspection and duplication in accordance with laws, regulations, requirements of the securities regulatory authorities of the place where the Company's shares are listed and these Articles.

If any shareholder requests a copy of the minutes of a shareholders' general meeting, the Company shall deliver such copy in seven days after the receipt of a reasonable cost.

The Company may refuse any request of inspection or duplication if trade secrets and price sensitive information of the Company are involved.

- (7) the right to demand the Company to purchase the shares of the shareholder who raises objection to the resolution on merger or division at shareholders' general meeting;
- (8) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company based on the number of shares held; and
- (9) other rights conferred by the laws, regulations, regulatory documents and these Articles.

A shareholder requiring to inspect or obtain information pursuant to item (6) in this Articles shall submit a written request to the Company together with written certification of the class and the number of shares held. The Company shall provide such information upon verification of the identification of such shareholder.

If any person holding direct or indirect interest in shares exercises his rights on the shares of the Company without revealing such interest to the Company, the Company shall not compromise such person's rights on the shares of the Company by freezing such rights or otherwise.

Shareholders who were supposed to but haven't obtained approvals from or reported to the regulatory authorities shall not exercise rights such as rights to request to convene shareholders' general meetings, voting rights, rights of nomination, rights of proposal, rights of disposition.

For shareholders who conducted false statements, abused rights of shareholders or otherwise damaged the interests of the Company, banking regulatory authority of the State Council or its agencies may restrict or prohibit the Company from related transactions with them, restrict their limits of the equity, equity pledge proportions of the Company they hold, as well as restrict their rights such as rights to request to convene shareholders' general meetings, voting rights, rights of nomination, rights of proposal, rights of disposition.

#### Article 56

If a resolution of a shareholders' general meeting of the Company or a board resolution violates the laws or administrative regulations, a shareholder may request a people's court to declare the same as invalid.

If the procedure for convening a shareholders' general meeting or board meeting, or the method of voting thereat, violates the laws, administrative regulations or these Articles, or if a resolution violates these Articles, a shareholder may request a people's court to rescind such resolution within 60 days after adoption of such resolution.

If shareholders initiate legal proceedings in accordance with the preceding paragraph, the Company may submit a request to the People's Court to demand the shareholder to provide guarantees.

If the Company has completed the change of registration pursuant to a shareholders' resolution or a board resolution, the Company shall apply to the registration authority for cancelling the change of registration after a People's Court has declared that such resolution is invalid or has rescinded such resolution.

#### Article 57

Shareholders individually or jointly holding 1% or more of the Company's shares for 180 consecutive days or more may request the supervisory committee in writing to bring a legal action in the People's Court against any director or senior management for losses of Company resulting from their violation of any laws, administrative regulations or these Articles in the course of performing their duties. Such shareholders may request the board of directors in writing to bring a legal action against any supervisor for losses of the Company resulting from violation of any laws, administrative regulations or these Articles by supervisors in the course of performing their duties.

The shareholders as referred to in the preceding paragraph may bring legal action in the People's Court for the interest of the Company in the event that the supervisory committee or the board of directors refuses to initiate legal proceedings or fails to initiate such legal proceedings within thirty days after receipt of such request, or in case of emergency where failure to initiate such legal proceedings immediately will result in unrecoverable damages to the Company.

Shareholders as referred to in the first paragraph of this Article may initiate legal proceedings in the People's Court if any third parties infringe on the lawful interests of the Company and cause damages to the Company.

Article 58

Shareholders may initiate legal proceedings against any director or senior management for violation of any laws, administrative regulations or these Articles which damages the interests of shareholders

Article 59

Holders of ordinary shares of the Company shall have the following obligations:

- (1) to abide by the laws, regulations, rules, regulatory documents and these Articles;
- (2) to contribute share capital according to the number of shares subscribed and in the form as agreed, and perform their capital contribution obligations in strict compliance with the laws, regulations, and the requirements of the banking regulatory authority of the State Council. The contributed capital shall be from a legitimate source, and entrusted funds, debt funds or other non-own funds will not be accepted, unless otherwise specified by laws, regulations or regulatory systems;
- (3) not to withdraw their contributed share capital unless in such circumstances as stipulated by the laws and regulations;
- (4) the shareholders and the controlling shareholder and de facto controller of the Company not to abuse rights of shareholder or to use their connected relationships to damage the legal interests of the Company, other shareholders and stakeholders, not to interfere with the decision-making rights and management rights entrusted to the board of directors and senior management under the Articles of Association, not to bypass the board of directors and senior management and directly intervene in the Company's operations and management;

- (5) not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the creditors of the Company;
- (6) their shareholdings and the number of institutions holding shares shall comply with regulatory requirements, and not to entrust or accept the entrustment of others to hold the shares of the Company;
- (7) in accordance with laws, regulations and regulatory requirements, to truthfully advise the Company of their financial information, shareholding structure, source of contribution capital, controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate beneficiaries, investment in other financial institutions and other information;
- (8) in accordance with laws, regulations and regulatory requirements, the relevant shareholders shall timely notify the Company in writing of the change in case of any change in their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries;
- (9) to timely inform the Company in writing in accordance with laws, regulations and regulatory requirements in case of merger or division, being ordered to suspend business for rectification, designated trusteeship, takeover, cancellation and other measures, or entering dissolution, liquidation and bankruptcy procedures, or changes in its legal representative, company name, business premises, business scope and other material matters;
- (10) to timely inform the Company in writing in accordance with laws, regulations and regulatory requirements in case of the shares they hold in the Company being involved in litigation, arbitration, being taken coercive measures by legal authorities, being pledged or released pledge;
- (11) in accordance with laws, regulations and regulatory requirements, not to damage the interests of other shareholders and the Company in case of transferring or pledging the Company's shares held by them or conducting related party transactions with the company;
- (12) the shareholders shall cooperate with the regulatory authorities in investigation and risk disposal in case of risk events or major violations of the Company;

(13) other obligations imposed by the laws, regulations, regulatory documents and these Articles.

Shareholders shall not be liable for additional contribution to share capital other than according to the terms as agreed by subscribers of shares at the time of subscription.

Major shareholders shall not transfer the equity held within 5 years from the date of acquisition of the equity (except special circumstances such as risk disposal measures approved by the banking regulatory authority of the State Council, transfer ordered by the banking regulatory authority of the State Council, judicial enforcement or transfer of equity between different entities controlled by the same investor).

#### Article 60

Prior approval from the banking regulatory authority of the State Council is required for any entity or individual to purchase 5% or more of the total issued shares of the Company. Shareholders must immediately inform the Company in writing when their shareholdings increase to not less than 5% of the total shares of the Company for application of approval from the banking regulatory authority of the State Council by the Company in five days.

If a shareholder owns 5% or more of the total shares of the Company without prior approval of the banking regulatory authority of the State Council, the exercise of rights of the shareholder under Article 55 in respect of the shares in excess of 5% of the total shares of the Company (“Excess Shares”) shall be subject to restrictions until approval is obtained from the banking regulatory authority of the State Council. The restrictions include (without limitation):

- (1) the Excess Shares shall have no voting rights at shareholders’ general meetings including class shareholders’ meetings; and
- (2) the Excess Shares shall have no rights in respect of the nomination of directors and supervisors as provided in these Articles.

Notwithstanding the foregoing, holders of Excess Shares shall not be subject to any restrictions in exercising other shareholders’ rights pursuant to Article 55. If a shareholder fails to obtain approval from the banking regulatory authority of the State Council for the holding of Excess Shares, the shareholder shall dispose of the Excess Shares within a period prescribed by the banking regulatory authority of the State Council.

- Article 61 Shareholders who abuse their rights as shareholders and cause losses to the Company or other shareholders shall be liable to compensation under the laws.
- Shareholders who abuse the independent status of the Company as a legal person and the limited liability of shareholders to evade payment of debts and cause material damage to the interests of its creditors shall be jointly and severally liable to payment of debts.
- Article 62 The controlling shareholder and de facto controller of the Company shall not impair the Company's interests by making use of their connected relationship. The controlling shareholder and/or the de facto controller shall compensate the losses of the Company caused by the violation of the preceding paragraph.
- Article 63 The controlling shareholders and de facto controllers shall have fiduciary duties to the Company. The controlling shareholder shall only participate in the policy making and legal operation of the Company in accordance with the laws, regulations and these Articles. They shall not seek improper interests, not impair the legal rights of the Company, other shareholders and stakeholders by making use of their controlling position.
- The controlling shareholder shall exercise his/her/its rights as an investor in strict compliance with the laws, regulations, regulatory documents and these Articles.
- Other than obligated by the laws, regulations, regulatory documents or the listing rules of the stock exchange where the Company's shares are listed, the controlling shareholder, when exercising his/her/its rights as a shareholder, shall not vote to bring about decisions that would impair the interests of all or part of the shareholders on the following matters:
- (1) to release the obligation of a director or supervisor to act honestly in the best interests of the Company;
  - (2) to allow directors or supervisors to expropriate the Company's property, including (without limitation) opportunities advantageous to the Company, for the interest of themselves or others; and
  - (3) to allow directors and supervisors to expropriate the rights of other shareholders, including (without limitation) rights to distributions and voting, excluding the restructuring of the Company submitted to shareholders' general meeting for approval in accordance with these Articles, for the interest of themselves or others.

Article 64 The shareholders shall strictly comply with the laws, administrative regulations, departmental rules and the conditions and procedures required by these Articles when they nominate the directors and the supervisors of the Company.

The directors and the supervisors nominated by shareholders shall have the relevant professional knowledge and shall be able to make decision and to supervise.

Article 65 If any shareholder pledges its equity interests in the Company as guarantee for itself or others, such shareholder shall strictly comply with laws, regulations and the requirements of regulatory authorities, and notify the board of directors of the Company in advance.

If any shareholder holding representation on the board of directors or the board of supervisors of the Company, or directly, indirectly or jointly holding or controlling not less than 2% of the shares or voting rights of the Company pledges its shares in the Company, such shareholder shall make prior filing to the board of directors of the Company to explain the basic information of the pledge including the reasons for the pledge, the number of shares involved, the term of pledge and the particulars of the pledgees. Where the board of directors considers the pledge to be materially adverse to the stability of the Company's shareholding structure, corporate governance as well as the control over risks and related party transactions, the filing shall not be accepted. The director(s) nominated by the shareholder proposing a pledge shall sidestep when the board of directors reviews relevant filing matters.

Upon the registration of pledge of equity interests, such shareholder shall provide the Company with the relevant information of the pledged equity interests in a timely manner, so as to satisfy the Company's risk management, corporate governance and information disclosure needs. Where the number of equity interests of the Company pledged by such shareholder reaches or exceeds 50% of the equity interests held by such shareholder in the Company, no voting right in respect of the pledged equity interests shall be exercised at the shareholders' general meeting, no voting right of the nominated directors shall be exercised at the board meeting, and such directors shall not be counted for the attendance at the board meeting.

## Section 2 General Provisions of Shareholders' General Meetings

### Article 66

The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- (1) to decide the Company's operation policies and annual investment plans;
- (2) to elect and replace the directors and supervisors who are not representative of the employees of the Company, and to determine the emoluments of directors and supervisors;
- (3) to consider and approve the reports of the board of directors;
- (4) to consider and approve the reports of the board of supervisors;
- (5) to consider and approve the annual budget and final accounts of the Company;
- (6) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (7) to consider and approve any motion raised by shareholder(s) individually or jointly holding more than 3% of the issued shares of the Company with voting rights;
- (8) to resolve on any increase or decrease in the Company's registered capital;
- (9) to resolve on the issuance of corporate bonds, any class of shares, warrants or other marketable securities of the Company and their listing;
- (10) to resolve on matters related to merger, division, dissolution, liquidation of the Company or change of organization of the Company;
- (11) to amend these Articles, the rules of procedures of shareholders' general meeting, and meetings of the board of directors and the board of supervisors;
- (12) to decide the engagement, dismissal or replacement of accounting firms responsible for regular statutory audits of the financial reports of the Company;

- (13) to resolve on matters related to repurchase of shares of the Company under circumstances (1), (2) in paragraph 1 under Article 28 of these Articles;
- (14) to consider and approve major investment and disposal of equity and debentures, financing, pledges, mortgage and guarantee of assets, purchase and disposal of fixed assets, disposal of debt-to-equity assets, write-off of assets, major decisions of legal corporations and donations of the Company;
- (15) to consider and approve matters in relation to the change of use of funds raised;
- (16) to consider and approve share incentive scheme;
- (17) to consider and approve any purchase, disposal of major assets or provision of guarantee with aggregate value of more than 30% of the total assets of the Company within a period of a year;
- (18) to consider and approve related party transactions required to be approved by shareholders' general meeting under the law, regulations, regulatory documents, the securities regulatory authorities of the place where the Company's shares are listed and these Articles;
- (19) to consider and approve the liability insurance of directors and supervisors;
- (20) to consider and approve all other matters which are required to be determined by shareholders' general meeting under the laws, regulations, regulatory documents, applicable requirements of the securities regulatory authorities of the place where the Company's shares are listed and these Articles.

The above matters are in the scope of authority of the shareholders' general meeting and shall be considered and approved by the shareholders' general meetings. However, the shareholders' general meeting may delegate power to the board of directors to decide on such matters under necessary, reasonable and lawful circumstances.

The delegation by the shareholders' general meeting to the board of directors shall be explicit and specific. If the matters subject to delegation shall be approved by shareholders' general meeting by ordinary resolution according to these Articles, the delegation shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the shareholders' general meeting. If the matters subject to delegation shall be approved by shareholders' general meeting by special resolutions according to these Articles, the delegation shall be passed by not less than two-thirds of the voting rights held by the shareholders (including proxies) present at the shareholders' general meeting.

Article 67

Where the election of directors and supervisors are to be discussed at a general meeting, the notice of the general meeting shall disclose all information about the director and supervisor candidate(s) as required by the laws, regulations, regulatory documents, requirements of the securities regulatory authorities of the place where the Company's shares are listed and these Articles, including at least the following:

- (1) personal particulars such as educational background, work experience and other concurrent engagements;
- (2) relationship with the Company or its controlling shareholders and de facto controller;
- (3) his shareholding in the Company; and
- (4) any punishment and disciplinary actions from the CSRC, other authorities or stock exchange.

Article 68

Shareholders' general meetings include annual general meetings and extraordinary general meetings. The annual general meetings are required to be held once every year within six months from the end of the preceding accounting year. If the meeting is deferred under special circumstances, the Company shall promptly report to the banking regulatory authority of the State Council and explain the reason therefor.

Article 69

An extraordinary general meeting shall be convened within two months from the date of occurrence of any of the following events:

- (1) the number of directors is less than two-thirds of the total number of directors determined by shareholders' general meeting or lower than a quorum;
- (2) the uncovered losses of the Company are equal to or more than one-third of the total share capital of the Company;

- (3) shareholder(s) individually or jointly holding more than 10% of the shares with voting rights of the Company demand to convene the meeting in writing;
- (4) the board of directors considers necessary to convene the meeting;
- (5) the board of supervisors proposes to convene the meeting; or
- (6) any other circumstances as stipulated by the laws, regulations, regulatory documents and these Articles.

The shareholding mentioned in paragraph (3) above shall be determined as of the close of the date or, if it falls on a non-trading date, the last trading date, on which such shareholders demand to convene the meeting in writing.

#### Article 70

When holding a general meeting, the Company shall engage lawyers to provide legal opinion on the following matters:

- (1) whether the procedures for convening and holding the meeting are in compliance with the laws, administrative regulations and these Articles;
- (2) whether the qualifications of the attendees and the conveners are lawful and valid;
- (3) whether the voting procedures and results of the meeting are lawful and valid; and
- (4) on other matters as required by the Company.

#### Article 71

The rules of procedures of shareholders' general meeting shall be formulated by the board of directors and shall be approved by shareholders' general meeting before the execution thereof.

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

#### Article 72

A shareholders' general meeting shall be convened by the board of directors. Under certain circumstances mentioned in this section, the board of supervisors or shareholders may also convene a shareholders' general meeting.

#### Article 73

Not less than one-half of the independent directors (not less than 2 independent directors) may jointly propose to the board of directors in writing to convene an extraordinary general meeting. The board of directors shall reply in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, regulations and these Articles.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within 5 days from the date on which a relevant resolution of the board of directors is passed. If the board of directors does not agree to convene the extraordinary general meeting, it shall give an explanation.

#### Article 74

The board of supervisors may propose to the board of directors to convene an extraordinary general meeting in writing. The board of directors shall reply in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations and provisions of these Articles.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within five days after a relevant resolution of the board of directors is passed. Approval of the board of supervisors must be sought if the proposal in the notice is different from the original proposal.

If the board of directors does not agree to convene an extraordinary general meeting, or fails to reply within 10 days upon receipt of the proposal, the board of directors shall be deemed to be unable, or to fail, to perform its duty to convene a shareholders' general meeting, and the board of supervisors may convene and preside over the shareholders' general meeting.

#### Article 75

If shareholders holding individually or jointly more than 10% of the shares with voting rights of the Company (the "Proposing Shareholders") propose to convene an extraordinary general meeting or class meetings, the following provisions shall apply:

- (1) Proposing Shareholders may propose to the board of directors to convene an extraordinary general meeting or class meeting by signing one written proposal or more than one in duplicate. The board of directors shall reply in writing as to whether or not it agrees to convene such extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, regulations, regulatory documents and these Articles.

- (2) If the board of directors agrees to convene an extraordinary general meeting or class meeting, a notice of such meeting shall be issued within five days after a relevant resolution of the board of directors is passed. Approval of the Proposing Shareholders must be sought if the proposal in the notice is different from the original proposal;
- (3) If the board of directors does not agree to convene an extraordinary general meeting or class meeting, or fails to reply within 10 days upon receipt of the proposal, the Proposing Shareholders may propose to the board of supervisors to convene an extraordinary general meeting in writing;
- (4) If the board of supervisors agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within 5 days upon receipt of the proposal. Approval of the Proposing Shareholders must be sought if the proposal in the notice is different from the original proposal;
- (5) If the board of supervisors does not issue the notice of such meeting within the prescribed period, it shall be deemed that the shareholders' general meeting will not be convened and presided over by the board of supervisors, and shareholders holding individually or jointly 10% or more of the Company's shares with voting rights for not less than 90 consecutive days (the "Convening Shareholders") may have the discretion to convene and preside over the meeting.

Article 76

The board of supervisors or the Convening Shareholders shall notify the board of directors in writing if they decide to convene the shareholders' general meeting.

Where the Convening Shareholders convene the shareholders' general meeting, the shareholding of the Convening Shareholders prior to announcement of the resolution of the shareholders' general meeting shall not be less than 10% of the shares with voting rights of the Company.

Article 77

If the board of supervisors or the Convening Shareholders decide to convene the shareholders' general meeting, the board of directors and the board secretary shall cooperate and the board of directors shall provide the register of members as at the record date.

Article 78

Necessary costs incurred for the shareholders' general meetings convened by the board of supervisors or Convening Shareholders shall be borne by the Company.

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

- Article 79                      When the Company convenes a shareholders' general meeting, the board of directors, the board of supervisors, more than half of the independent directors (at least two) and shareholders holding individually or jointly not less than 3% of the shares with voting rights of the Company shall have the right to submit proposals to the Company in writing. The Company shall include the proposals in the agenda of such meeting if the subject matters of the proposals are within the scope of authority of the shareholders' general meeting.
- Article 80                      Shareholders holding individually or jointly not less than 3% of the issued shares with voting rights of the Company shall have the right to submit additional proposals in writing ten days before the shareholders' general meeting to the convener of such meeting. The convener shall issue supplemental notice within two days upon receiving such proposals to notify shareholders of the additional proposals. Additional proposals for the shareholders' general meeting shall be within the scope of authority of the shareholders' general meeting and shall have specific topic for discussion and resolutions to be passed.
- Except for the circumstances prescribed in the preceding paragraph, the convener shall not change the proposals in the notice of the general meeting or add new proposals after sending the notice of the shareholders' general meeting.
- Article 81                      The shareholders' general meeting shall not vote or resolve on proposals not contained in the notice or supplementary notice of the shareholders' general meeting or not in compliance with Article 82.
- Article 82                      Proposals of shareholders' general meeting shall meet the following requirements:
- (1) the content thereof shall be in compliance with the laws, regulations, regulatory documents and these Articles and within the scope of the authority of the general meeting;
  - (2) shall have specific topic for discussion and resolutions to be passed; and
  - (3) shall be submitted or delivered to the board of directors or convener in writing.

- Article 83                    When the Company is to convene a shareholders' annual general meeting, all shareholders shall be notified of the time and place of the meeting and matters to be considered 20 working days before the meeting; when the Company is to convene an extraordinary general meeting, each shareholder shall be notified of the time and place of the meeting and the matters to be considered 10 working days or 15 days (whichever is longer) before the meeting.
- Article 84                    The Company shall hold shareholders' general meeting at the domicile of the Company or such venue as specified in the notice of the shareholders' general meeting.
- Article 85                    A general meeting shall not resolve on a proposal not contained in the notice.
- Article 86                    A notice of shareholders' general meeting shall meet the following requirements:
- (1) it shall be in written form;
  - (2) it shall specify the place, date and time of the meeting;
  - (3) it shall disclose the matters and all resolutions to be considered at the meeting. Proposed changes to any resolution passed at previous shareholders' general meeting shall be disclosed in full rather than disclosing the changes only;
  - (4) it shall provide shareholders with all necessary information and explanation in connection with the matters to be discussed for them to make informed decisions. Such information and explanation shall include (but not be limited to) the conditions and contracts (if any) of the proposed transactions and the reasons and effects, if the Company proposes to merge, repurchase its shares, restructure share capital or undergo other reorganization;
  - (5) if any director, supervisor, president and other senior management members have material interests in the matters to be discussed, the nature and extent of such material interests shall be disclosed, and if the effect of the proposed matters on such director, supervisor, president and other senior management in their capacity as shareholders is different from that of other shareholders of the same class, the differences shall also be disclosed;
  - (6) it shall set out the full text of any special resolution proposed to be passed at the meeting;

- (7) it shall contain an explicit written statement that a shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his/her/its behalf and that such proxies need not be shareholders of the Company;
- (8) it shall provide the name and telephone number of the contact person for enquiry of shareholders' meetings;
- (9) it shall specify the date and place for the delivery of the proxy forms for the meeting;
- (10) it shall specify the date of registration of shares for shareholders who are entitled to attend the general meeting;
- (11) it shall set out the time and procedure of voting through internet or by other means if the shareholders' general meeting is convened through internet or by other means.

#### Article 87

Notice of shareholders' general meeting shall be served to shareholders (whether or not entitled to vote at the shareholders' general meeting) by hand or by prepaid mail to their addresses as shown in the register of members. For holders of domestic shares of the Company, notice of the meeting may be issued by way of announcement.

The announcement aforementioned in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. After the announcement, the holders of domestic shares of the Company shall be deemed to have received the notice of the shareholders' general meeting.

For holders of overseas listed shares, subject to the laws, regulations, regulatory documents and the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, the notice of a general meeting may be published on the websites of the Company and Hong Kong Stock Exchange instead of delivery by hand or prepaid mail.

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 notice shall not invalidate the meeting or any resolution adopted at that meeting.

## Section 5 Holding of Shareholders' General Meeting

Article 88 Shareholders' general meetings may be attended in person.

The Company may facilitate shareholders to attend a shareholders' general meeting by establishing a safe, economic and convenient network or adopting other methods through various modern communication technologies, subject to the legitimacy, efficiency of the meeting and applicability. Shareholders who attend the meeting through such methods shall be deemed as attending the meeting in person.

Article 89 All shareholders whose names appear on the register of shareholders on the record date for the purpose of the shareholders' general meeting or proxies thereof are entitled to attend and vote at shareholders' general meetings in accordance with the relevant laws, regulations and these Articles.

A shareholder may attend shareholders' general meeting in person and may appoint one or more proxies to attend and vote at the meeting on his/her/its behalf and such proxies need not be shareholders of the Company.

Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more persons (whether a shareholder or not) as his/her/its proxy to attend and vote on his/her/its behalf. According to the appointment of the shareholder, a proxy so appointed shall:

- (1) have the right to speak at the meeting same as the shareholder;
- (2) have the right to demand a poll on his/her own or together with other persons; and
- (3) have the right to vote by hand or by poll, but when more than one proxy has been appointed, the proxies only have the right to vote by poll.

Where a shareholder is a recognized clearing house or its agent, it may authorize one or more persons that it deems suitable to attend on its behalf any shareholders' general meeting or any class meeting of shareholders. However, if more than one person is authorized, the power of attorney shall specify the number and class of shares involved in the appointment of each such person. The power of attorney shall be signed by an authorised person of the recognised clearing house. The person(s) so authorised can represent the recognised clearing house (or its agent) to attend the meeting and exercise its right as if the persons are individual shareholders of the Company, and shall not be required to produce evidence of shareholding, the notarised power of attorney and further evidence to prove that he/she/they have been duly authorised.

Shareholders shall appoint a proxy by written instrument which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person or other institutions, sealed by the stamp of the legal person or institution or signed by its legal representative, director or agent authorized in writing.

#### Article 90

The proxy letter issued by a shareholder to entrust a proxy to attend shareholders' general meeting shall contain the following:

- (1) name of the proxy;
- (2) voting right of the proxy;
- (3) number of shares represented by the proxy;
- (4) indication of the number of shares that the shareholder intends to vote for or against or abstain from voting on each item in the agenda of the shareholders' general meeting;
- (5) date and effective period of the proxy letter; and
- (6) signature (or seal) of the appointing shareholder.

The proxy letter or form of power of attorney provided to shareholders by the board of directors of the Company for appointing proxies shall allow the shareholders to instruct their proxies to vote for or against or abstain from voting and to make instructions on each item on the agenda of the shareholders' general meeting to be discussed. The proxy letter shall specify whether the proxy may vote as he/she thinks fit in the absence of instructions from shareholder. If the proxy letter does not specify, the proxy may vote as he/she thinks fit in respect of any item and the shareholder shall be responsible for such voting.

#### Article 91

The proxy letter shall be deposited at the place of the Company or at such other place as specified in the notice convening the meeting not less than 24 hours before the time of the meeting or the time fixed for the voting. If the proxy letter is signed by other person authorized by the appointer, the power of attorney or other authorization document shall be notarially certified. The notarially certified power of attorney or other authorization document, together with the proxy letter, shall be deposited at the place of the Company or at such other place as specified in the notice of the meeting.

If the appointer is a legal person, its legal representative or such person authorized by its board of directors or other governing body may attend the shareholders' general meeting as a representative of the appointer.

- Article 92 A vote given in accordance with the terms of an instrument of proxy shall be valid if no notice in writing had been given to the Company with respect to the death or loss of capacity of the appointer, revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares before the commencement of the relevant meeting.
- Article 93 The Company shall prepare the attendance records of the meeting. The records shall contain the names, the identification numbers, the number of shares with voting rights held or represented by such participants and the names of appointers.
- Article 94 The convener and the lawyer appointed by the Company shall jointly verify the qualification of shareholders based on the register of members provided by the securities registration institutions.
- Article 95 Before voting, the chairman of the meeting shall announce the number of attending shareholders and proxies as well as the total number of shares with voting rights represented by them based on the records of the meeting.
- Article 96 The records of the meeting shall be closed before the chairman of the meeting announce the number of shareholders and proxies attending the meeting as well as the total number of shares with voting rights represented by them.
- Article 97 A shareholders' general meeting convened by the board of directors shall be presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or does not perform his/her duties, a director elected by more than half of the directors shall preside over the meeting.
- In case a meeting is convened by the board of supervisors, it shall be presided over by the chairman of the board of supervisors. If the chairman of the board of supervisors is incapable of performing or does not perform his/her duties, a supervisor elected by more than half of the supervisors shall preside over the meeting.
- A shareholders' general meeting convened by Convening Shareholders shall be presided over by a chairman elected by the Convening Shareholders, or an attending shareholder (or its proxy) who holds the largest number of shares if the Convening Shareholders fails to elect a chairman.

- Article 98 In a shareholders' general meeting, where the chairman violates the rules of procedures of the meeting such that the meeting cannot continue, a chairman may be elected by more than half of the attending shareholders with voting rights to continue the shareholders' general meeting.
- Article 99 Directors, supervisors and the secretary to the board of the directors of the Company shall attend shareholders' general meetings and senior management members shall be present at shareholders' general meetings.
- Article 100 The board of directors, the board of supervisors and senior management members shall answer queries and suggestions from shareholders.
- Article 101 The board of directors and the board of supervisors shall submit their annual work reports to shareholders at annual general meeting. Each independent director shall also submit their respective work reports.
- Article 102 Minutes of general meetings shall be recorded by the board secretary. Minutes of meetings shall contain the following:
- (1) number of shareholders and proxies attending the meetings, the number of shares with voting rights held by them and the percentage of their shares to the total number of shares of the Company;
  - (2) place, date, time, agenda of the meetings, and the name of the convener;
  - (3) names of the chairman of the meetings, directors, supervisors, presidents and other senior management members who attend or observe the meetings;
  - (4) summary of the speech on the considered matters of each addressor;
  - (5) discussion and voting results of each matter;
  - (6) names of shareholders who make proposals in the meetings, the percentage of their shares to the total number of shares of the Company and details of such proposals;
  - (7) enquiries or suggestions of shareholders and the responses and explanation;
  - (8) names of the lawyer, the vote counter and the scrutineer; and
  - (9) other matters which shall be recorded in the minutes as required by laws, regulations, rules and these Articles and deemed as necessary by the shareholders' general meeting.

Article 103                   The minutes of shareholders' general meetings shall be signed by the directors, supervisors, the board secretary, the convener or their representatives who attend the meetings and the chairman of the meetings. The minutes together with the attendance records of shareholders, the instruments of proxy and the valid records of voting on resolutions through internet or otherwise shall be kept by the board secretary according to the filing system of the Company.

## **Section 6   Voting and Resolutions of Shareholders' General Meetings**

Article 104                   Shareholders and their proxies can exercise the voting rights of their shares with voting rights at the shareholders' general meeting on the basis of one vote for each share. Shares held by the Company shall have no voting rights and shall not be included in the total number of shares with voting rights present at shareholders' general meetings.

Article 105                   Resolutions of shareholders' general meeting shall include ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by more than half of the voting rights held by the shareholders and proxies present at the meeting.

A special resolution shall be passed by not less than two-thirds of the voting rights held by the shareholders and proxies present at the meeting.

Article 106                   The following matters shall be adopted by shareholders' general meeting by special resolution:

- (1) increase or decrease of the Company's registered capital;
- (2) merger, division, dissolution, liquidation and change of corporate form of the Company;
- (3) issuance and listing of corporate bonds, any class of shares, warrants and other marketable securities;
- (4) repurchase of the shares of the Company under circumstances (1), (2) in clause 1 under Article 28 of these Articles;
- (5) amendments to these Articles;
- (6) share incentive scheme;
- (7) purchase, disposal of major assets or provision of guarantee with aggregate value of more than 30% of the total assets of the Company within a year;

- (8) to consider and approve major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges (securities) and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity assets, writing off of assets, major decisions of legal corporations and donations;
- (9) alteration of profit distribution policy;
- (10) other matters which shall be adopted by special resolutions in accordance with the laws, regulations, regulatory documents, the requirements of the securities regulatory authorities of the place where the Company's shares are listed or these Articles, and matters which are significant to the Company and are determined by ordinary resolution of shareholders' general meeting to be adopted by special resolutions.

All other matters requiring adoption at shareholders' general meeting shall be adopted by ordinary resolutions.

Article 107

Representatives of shareholders and supervisors shall be elected to participate in vote counting and scrutinizing for resolutions voted at a shareholders' general meeting. Any shareholder or supervisor who has interests in the matter under consideration shall not participate in vote counting or scrutinizing.

Lawyers, representatives of shareholders and supervisors shall jointly count and scrutinize the votes at shareholders' general meeting. Voting results shall be announced immediately. Voting results shall be recorded in the minutes of the meeting.

Article 108

When related party transactions are considered at a shareholders' general meeting, the related shareholders shall abstain from voting or voting on behalf of other shareholders. The number of shares with voting rights held by the related shareholders shall not be counted for the voting of related party transactions.

Article 109

Unless in critical circumstances, the Company shall not, without being approved by special resolution of shareholders' general meeting, enter into any contract with any persons other than directors, supervisors and senior management members pursuant to which such person shall be assigned the management and administration of the whole or a substantial part of its business.

Article 110

The nomination of directors and supervisors who are not representative of the employees of the Company shall be proposed to shareholders' general meeting for voting by resolutions.

- Article 111 The shareholders' general meeting shall vote on all proposals presented one by one. If different proposals are made on the same matter, votes shall be cast in accordance with the sequence of presenting of the proposals. Unless the shareholders' general meeting is suspended or fails to resolve due to exceptional reasons such as force majeure, the general meeting shall not lay aside or refuse the voting of proposals.
- Article 112 The vote of each voting right can only be cast either by poll, online voting or other methods. If more than one votes of the same voting right have been cast, the first vote shall prevail.
- Except for procedural or administrative matters of shareholders' general meeting which may be decided by resolution passed by a show of hands as determined by the chairman of the meeting, all other matters shall be decided by resolution passed by a poll.
- Article 113 A poll demanded on the election of chairman or adjournment of the meeting shall be taken immediately. A poll demanded on any other resolution shall be taken at such time as the chairman of the meeting decides and the meeting may proceed to discuss any other matters. The result of the poll shall be deemed as a resolution adopted at the meeting at which the poll is demanded.
- Article 114 Where any shareholder is, under applicable laws, regulations or listing rules of the place where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any votes cast by or on behalf of such shareholder or his/her proxy in contravention of such requirement or restriction shall not be counted.
- Article 115 No amendment shall be made to a proposal when it is considered at general meeting. Amended proposal shall be deemed as a new proposal and shall not be voted at the same general meeting.
- Article 116 The onsite shareholders' general meeting shall not be ended earlier than the ending of online platform or other means. The chairman of the meeting shall announce the voting process and result of every resolution, and whether the resolution has been passed.
- Prior to the announcement of voting results, the Company and the vote counting officer, the vote scrutineer, substantial shareholders, internet service provider and all parties involved in the shareholders' general meeting on the scene, via online platform or any other means are obliged to keep the voting results confidential.
- Article 117 Shareholders attending the shareholders' general meeting shall give their opinions on every resolution put forward at the meeting for resolution in the form of any one of the following: "for", "against" or "abstention".

Any voter cast a voting form that is not filled in, incorrectly filled in or illegible and any voter who does not cast shall be deemed as having waived his/her voting right and the voting results of his/her relevant shares shall be counted as “abstention”.

Article 118 On a poll, a shareholder or proxy who is entitled to have two or more votes need not cast all his/her votes for or against a resolution.

Article 119 The chairman of the meeting shall decide whether resolutions are passed according to the voting results and announce such results in the meeting. The voting results of the resolutions shall be recorded in the meeting minutes.

Article 120 If the chairman of the meeting has any doubt on the voting results of the resolutions, he/she may recount the votes. If the chairman does not recount the votes and the attending shareholders or their proxies challenge the voting results announced by the chairman, the shareholders or their proxies may demand for a recount immediately after the announcement of the results and the chairman shall arrange a recount immediately.

If the votes is recounted, the results of the recount shall be recorded in the minutes of the meeting.

Article 121 The resolutions of a shareholders’ general meeting shall be promptly announced. The announcement shall set forth the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the proportion of shares with voting rights held by them to the total number of shares with voting rights of the Company, the total number of shares required to abstain from voting in the concurring votes and/or voting as requested by the securities regulatory authorities of the place where the shares of the Company are listed to individual proposals (if any), whether the shareholder who is required to abstain from voting has given up the voting right, the form of voting method, the voting result of each resolution and the vote scrutinizers’ identity.

Article 122 If the proposal of the election of a director was passed by the shareholders’ general meeting, the appointment of a director shall take effect when:

- (1) the resolution effecting such appointment is passed at the shareholders’ general meeting;
- (2) the qualification of the director is approved by the banking regulatory authority of the State Council.

## CHAPTER 8 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Article 123 Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations and these Articles.

Class shareholders shall enjoy equal rights in any dividends or any other forms of distributions. Any shares without voting rights included in the share capital of the Company shall bear the wording “non-voting right” in their title.

If the share capital includes shares carrying different voting rights, any class of shares (except shares with the most privileged voting rights) included in the share capital shall bear the wording “restricted voting right” or “limited voting right” in their titles.

Article 124 If the Company proposes to modify or terminate the rights of a class of shareholders, it may do so only after such modification or abrogation has been adopted by a special resolution of the shareholders’ general meeting and a separate shareholders’ general meeting convened by the affected shareholders of that class under Articles 126 to 130. Where shareholders of unlisted shares of the Company have all or part of their unlisted shares transferred to foreign investors and arrange for the listing and trading on an overseas stock exchange, or have all or part of the unlisted shares converted into overseas listed shares and arrange for the listing and trading on an overseas stock exchange, it shall not be regarded as the Company’s proposed modification or termination of the rights of a class of shareholders.

Article 125 The following circumstances shall be deemed to be modification or abrogation of the rights of class shareholders:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting or distribution rights or privileges equal to or more than those of the shares of such class;
- (2) to convert all or part of the shares of such class into shares of another class or to convert or confer a right to convert all or part of the shares of another class into the shares of such class;

- (3) to abrogate or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) to reduce or abrogate a dividend preference or a liquidation preference, during the process of the Company's liquidation, attached to shares of such class;
- (5) to add, abrogate or reduce conversion rights, options, voting rights, rights of transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (6) to abrogate or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having voting or distribution rights or privileges equal to or more than those of the shares of such class;
- (8) to impose or increase restrictions on the transfer or ownership of the shares of such class;
- (9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company in accordance with restructuring plans which will result in different classes of shareholders bearing a disproportionate burden of responsibilities in such proposed restructuring; or
- (12) to amend or abrogate provisions of these Articles.

#### Article 126

Class shareholders affected, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (2) to (8), (11) and (12) of Article 125, but interested shareholder(s) shall not be entitled to vote at class meetings.

"Interested shareholder(s)" in prior provision shall have the following meaning:

- (1) if the Company has made a repurchase offer to all shareholders on pro rata basis or made a repurchase by means of public transaction at the stock exchange in accordance with Article 30 of these Articles, "interested shareholder(s)" shall refer to the controlling shareholders as defined in Article 342 of these Articles;

- (2) if the Company has made a repurchase by means of agreement outside the stock exchange in accordance with Article 30 of these Articles, “interested shareholder(s)” shall refer to the shareholders who are parties to such agreements; or
- (3) in a restructuring plan of the Company, “interested shareholder(s)” refers to those shareholders who assume less responsibilities than other shareholders of the same class or those shareholders who enjoy interests different from other shareholders of the same class.

Article 127

Resolutions of a class meeting shall be passed by votes representing two-thirds or more of the voting rights held by the shareholders of that class present at the relevant meeting who are entitled to vote pursuant to Article 126.

Article 128

The Company shall give written notice 20 working days before the convening of the annual general meeting or 10 working days or 15 days (whichever is longer) before the convening of the extraordinary general meeting to notify all shareholders in the share register of such class of the matters to be considered, the date and the venue of the class meeting, depending on the defined notice period of the annual general meeting or the extraordinary general meeting involved in the class meeting.

Article 129

Notice of class meetings may only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in procedures as similar as possible to those of shareholders’ general meeting. The provisions of these Articles relating to the procedures of conducting any shareholders’ general meeting shall apply to class meetings.

Article 130

Except holders of other classes of shares of the Company, holders of domestic shares and holders of overseas listed shares are considered as shareholders of different classes.

The special voting procedures at a class meeting shall not apply in the following circumstances:

- (1) where the Company issues domestic shares and overseas listed shares, either separately or concurrently, once every 12 months not more than 20% of each of its domestic shares and overseas listed shares that are already issued pursuant to approval by a special resolution of shareholders’ general meeting;

- (2) where the Company issues domestic shares and overseas listed shares under a plan adopted at the time of its establishment within 15 months from the date when the plan is approved by the securities regulatory authorities of State Council; or
- (3) where shareholders of unlisted shares of the Company have all or part of their unlisted shares transferred to foreign investors and arrange for the listing and trading on an overseas stock exchange, or have all or part of their unlisted shares converted into overseas listed shares and arrange for the listing and trading on an overseas stock exchange pursuant to approval of the securities regulatory authorities of the State Council.

## **CHAPTER 9 THE BOARD OF DIRECTORS**

### **Section 1 Directors**

Article 131 Directors shall be natural persons and may not hold shares of the Company. The directors of the Company include executive directors and non-executive directors.

Executive directors refer to directors who take other senior management positions in the Company other than that of directors.

Non-executive directors refer to directors who do not hold any position other than a position of director in the Company, and do not assume the duties of senior management.

Non-executive directors include independent directors, the provisions of which are set out in Section 2 of this chapter.

Article 132 Directors shall have relevant expertise and experience to perform his/her duties and shall satisfy the requirements of the banking regulatory authority of the State Council.

Article 133 Directors shall be elected at the shareholders' general meeting. The term of office of a director is three years commencing from the date of approval by the banking regulatory authority of the State Council. The director shall be eligible for re-election upon expiry of his/her term of office. The term of office of any re-elected directors shall commence from the date of approval at the shareholders' general meeting.

- Article 134 Prior to the expiration of the term of office of the director, he/she shall not be removed by the shareholders' general meeting without appropriate reasons. However, in accordance with applicable laws and administrative regulations, the shareholders' general meeting shall have the power to remove any director by ordinary resolution before the expiration of his/her term of office without prejudice to any claim for damages pursuant to any contract.
- Article 135 Directors are entitled to the right to access all operational and financial information of the various businesses of the Company and to supervise the performance of the senior management members.
- The Company shall take measures to protect the directors' right to know, and ensure the information provided is adequate in a timely manner. In respect of any matters subject to the decisions of the board of directors, the Company shall notify all directors and provide relevant information in accordance with the requirements of these Articles. The Company shall also take measures to safeguard the right of directors to attend board meetings and provide directors with necessary support for the performance of their duties. The relevant personnel of the Company shall actively, and shall not reject to, cooperate with the directors in performing their duties, and shall not obstruct or interfere with the exercise of powers by directors or conceal information from directors.
- Article 136 Directors shall not hold any directorship or serve as senior management members in any financial institution which may create a potential conflict of interests.
- Article 137 The nomination and procedures of directors (other than independent directors) are set forth as follows:
- (1) Within the number of members of the board of directors as provided in these Articles, the candidates of directors shall be nominated by the nomination and remuneration committee of the board of directors or the shareholders individually or jointly holding 5% or more of the total number of the shares of the Company with voting rights by submitting to the board of directors in accordance with the number of persons proposed to be selected, attached with written materials including their basic information and biographies. The minimum period of notice to the board of directors of the Company regarding the proposal of director candidates is at least 7 days. The start date of the notice period should be no earlier than the day after the notice of the meeting designated for the election is issued, and the end date should be no later than 7 days before convening of the relevant shareholders' general meeting;

- (2) The nomination committee of the board of directors shall preliminarily examine the eligibility of the candidates of directors and the qualified candidates shall be considered by the board of directors. Upon the approval of the board of directors, the candidates of directors shall be nominated in the form of written proposal at the shareholders' general meeting;
- (3) a candidate of director shall, at least fourteen days prior to the convening of the shareholders' general meeting, give a written undertaking letter that he/she agrees to accept the nomination and that the personal information as publicly disclosed is true and complete, and warrants that he/she will duly perform his/her obligations as a director after he/she is elected. The minimum period of notice to the board of directors of the Company regarding the candidate's willingness to be elected is at least 7 days. The start date of the notice period should be no earlier than the day after the notice of the meeting designated for the election is issued, and the end date should be no later than 7 days before convening of the relevant shareholders' general meeting;
- (4) the board of directors shall disclose the detailed information on the candidates of directors at least seven days before the convening of the shareholder's general meeting, to ensure shareholders to obtain adequate knowledge about the candidates when casting their votes;
- (5) the shareholders' general meeting shall vote on the election of the candidates of directors one by one;
- (6) In case of any casual vacancy of directors, candidates shall be nominated by the nomination committee of the board of directors or shareholders in compliance with the requirements of nomination. Upon the approval of the board of directors, the election or replacement shall be adopted at the shareholders' general meeting.

#### Article 138

No director may act on his/her own behalf to represent the Company or the board of directors if not duly authorized by these Articles, shareholders' general meeting or the board of directors. When acting on his/her own behalf, insofar as a third party would reasonably believe that such director is acting on behalf of the Company or the board of directors, the director shall state his/her position and identity in advance.

Directors shall invest enough time to fulfil his/her obligations and attend at least two-thirds of the meetings of the board of directors each year in person.

If a director fails to attend the meeting in person two times in a row and does not authorize other directors to attend the meeting on his/her behalf, he/she shall be deemed to have failed to fulfil his/her responsibilities and the board of directors should propose the dismissal of the director at the shareholders' general meeting.

Article 139

Directors shall attend the board meeting in a serious and conscientious manner and give their explicit opinions on the matters concerned. Any director who cannot attend the board meeting in person shall authorize other directors of the same type in writing to vote on his/her behalf in accordance with the will of the entrusting person. The entrusting person shall independently assume legal responsibilities.

Article 140

Directors shall give their independent, professional and objective opinions at the board meeting.

The Company shall set up a director attendance file which, as the basis of performance appraisal of directors, records the attendance of directors at the board meetings, their independent opinions and recommendations and whether they are adopted in the meetings.

Rule 141

A director may resign before the expiry of his/her term of office. The resigning director shall submit a written resignation to the board of directors. Unless otherwise stipulated in these Articles, the resignation of a director shall take effect upon receipt of the resignation letter by the board of directors.

Rule 142

In case that the number of directors falls below two-thirds of the number of directors of the Company or the quorum as a result of delayed re-election upon expiry of the terms of directors or resignation of directors, the original directors shall continue to perform his/her duties as a director in accordance with the laws, regulations, regulatory documents and these Articles till a new director takes his/her office. The resignation of director shall not take effect until the new director is elected to take the place of the resigning director.

Under the aforesaid circumstances, the board of directors shall convene an extraordinary general meeting immediately to elect a new director to fill the vacancy.

- Rule 143 The resignation or the expiry of the term of office of a director does not relieve him/her from liability to the Company and shareholders before the resignation becomes effective and within a reasonable period of time after the resignation becomes effective. The duty to keep confidential to trade secrets of the Company survives the termination of their terms of office until such secrets are publicly disclosed. The continuous period of other duties must be decided according to the principle of fairness, depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.
- Article 144 A director shall undertake the handover procedures with the board of directors upon his/her resignation or expiration of term of office.
- Article 145 Any director, if withdrawing from his/her office without authorization prior to the expiration of his/her term of office, shall be liable for compensation of the losses incurred to the Company resulting from such withdrawal.
- Article 146 If the Company suffers any losses due to the failure of a director to comply the laws, regulations, rules and other regulatory documents and these Articles when performing his/her duties for the Company, he/she shall be liable for compensation.
- Article 147 The requirements stipulated in this section regarding the responsibilities of directors shall also apply to the supervisors, the president and other senior management members of the Company.

## **Section 2 Independent Directors**

- Article 148 Independent directors of the Company refer to directors who do not take up any position in the Company other than serving as directors and do not have any connection with the Company and its shareholders, de facto controller that is likely to affect their independent and objective judgment of the affairs of the Company.
- Unless otherwise provided for in this section, the provisions in Section 1 of this chapter shall apply to independent directors.
- Article 149 One-third or more (and at least three) members of the board of directors shall be independent directors.

Article 150

An independent director shall attain high professional level and have good reputation and shall satisfy the following criteria at the same time:

- (1) being qualified to serve as a director of a listed company pursuant to the laws, regulations, regulatory documents and requirements of the securities regulatory authorities of the place where the shares of the Company are listed;
- (2) having a degree of bachelor's level or above, or a senior title of a relevant profession;
- (3) being capable to fulfil his/her duties independently and not being affected by the Company's substantial shareholder, de facto controller or any other institution or individual who or which has a material interest in the Company;
- (4) having the basic knowledge in respect of the operation of a listed company and being familiar with the relevant laws, regulations, regulatory documents and rules;
- (5) having at least eight years of work experience in the areas of legal practice, economics, finance, accounting or any other experiences conducive for discharging the duties of an independent director;
- (6) being familiar with the laws and regulations governing the operation and management of financial enterprises;
- (7) being able to read, understand and analyze the business statistics statements and financial statements of financial asset management enterprises; and ensuring sufficient time and energy to effectively perform the duties and undertaking to duly perform the duty of good faith and diligence.

At least one independent director of the Company shall have the proper professional qualification, or the accounting or financial management expertise that satisfies the regulatory requirements.

Article 151

Independent directors shall be independent and free from the conditions that prohibit a person from serving as an independent director stipulated by the laws, regulations and requirements of the banking regulatory authority of the State Council and the securities regulatory authorities of the place where the shares of the Company are listed.

Article 152

Independent directors shall not concurrently hold any office in two or more financial asset management companies.

Article 153

The board of directors and the board of supervisors shall have the right to propose the dismissal of an independent director at a shareholders' general meeting if such director:

- (1) has committed material dereliction of duty;
- (2) does not resign from his/her position when he/she is not or no longer qualified to act as an independent director;
- (3) fails to attend in person three consecutive board meetings, or fails to appoint another director on his/her behalf for two consecutive board meetings in his/her absence, or attends in person less than two-thirds of the total number of the board meetings within one year; or
- (4) falls under other circumstances as provided for in the laws, regulations and regulatory documents that an independent director is no longer suitable for holding such position.

Article 154

Independent directors shall be nominated by the board of directors, the board of supervisors or shareholders individually or jointly holding 1% or more of the shares with voting rights of the Company and shall be elected at the shareholders' general meeting. The term of independent directors shall be three years and the independent directors shall be eligible for re-election upon expiry of their terms of office, subject to a maximum of six years.

Article 155

An independent director shall work for the Company for at least 15 working days each year. An independent director may appoint another independent director to act as his/her proxy to attend a board meeting, provided that he/she shall personally attend not less than two-thirds of the total number of the board meetings every year.

Article 156

Independent directors shall exercise the following functions and powers other than those granted by the Company Law and other relevant laws, administrative regulations, rules and these Articles:

- (1) to approve material related party transactions prior to submission to the board of directors for discussion, before which independent directors may engage intermediaries to provide independent financial advisory reports for reference;
- (2) to propose to the board of directors to convene extraordinary general meetings;
- (3) to propose to convene board meetings;

- (4) to engage external auditors and consultants independently;
- (5) to propose to the board of directors to appoint or dismiss accounting firms; and
- (6) to make a public proxy solicitation before a general meeting is held.

The exercise of any of the functions and powers above by any independent director shall be approved by at least half (or at least two) of all the independent directors.

#### Article 157

Independent directors shall provide objective, fair and independent opinions on the matters discussed at shareholder's general meetings and board meetings, in particular the following matters:

- (1) material related party transactions;
- (2) profit distribution plans;
- (3) appointment and dismissal of senior management members;
- (4) matters that may jeopardize the interests of minority shareholders in the opinion of independent directors;
- (5) matters that may cause significant loss to the Company in the opinion of independent directors;
- (6) appointment of external auditors;
- (7) nomination, appointment and removal of directors;
- (8) remuneration of directors and senior management members;
- (9) any other matters stipulated by laws, regulations, regulatory documents, the requirements of securities regulatory authorities of the place where the shares of the Company are listed, or these Articles.

Independent directors shall express their opinions regarding the aforementioned in the following ways: by giving consent; by giving qualified opinions and reasons; by giving opinions and reasons to disagree; by expressing their inability to give opinions and their impediments.

Article 158

In order to ensure that the independent directors effectively exercise their powers, the Company shall satisfy the following conditions:

- (1) the Company shall ensure independent directors have the same right to know as other directors;
- (2) the Company shall provide working conditions necessary for independent directors to fulfil their responsibilities;
- (3) the relevant personnel of the Company shall actively, and shall not reject to, cooperate with the independent directors in performing their duties, and shall not obstruct or interfere with the exercise of powers by directors or conceal information from independent directors.

Article 159

An independent director may resign before the expiry of his/her term of office. Unless otherwise stipulated in these Articles, the resignation of an independent director shall take effect upon receipt of the resignation letter by the board of directors.

An independent director who resigns shall submit his/her resignation letter to the board of directors and a written statement to the latest shareholders' general meeting to illustrate any situation related to his/her resignation or which he/she deems necessary to bring to the attention of the shareholders and creditors.

In case that the number of directors falls below the quorum stipulated in the laws, administrative rules, departmental rules, and regulatory documents or these Articles as a result of the resignation of an independent director, the resignation of the independent director shall not take effect until the new independent director takes office.

Article 160

An independent director who falls in any of the following circumstances shall be in serious dereliction of duties:

- (1) divulging any trade secret of the Company, hence damaging the legal interests of the Company;
- (2) accepting improper gains in the course of performance of duty; taking advantage of his/her position as independent director to seek personal gains;
- (3) failing to raising objections when fully aware of the board of directors violating the laws, regulations or these Articles;
- (4) failing to exercise his/her veto power over any connected transaction which causes significant losses to the Company;

- (5) other acts identified to be serious dereliction of duty by the relevant regulatory authority.

Any independent director who is dismissed due to serious dereliction of duty by the banking regulatory authority under the State Council shall be relieved from duty from the date of dismissal.

Article 161

If the board of directors or the board of supervisors proposes the dismissal of an independent director at a shareholders' general meeting, it shall send a written notice to the independent director concerned one month prior to the convening of the shareholders' general meeting. The independent director shall have the right to give his/her representations orally or in writing before voting, and shall have the right to submit his/her representations to the banking regulatory authority of the State Council five days prior to the convening of the shareholders' general meeting. Shareholders shall vote at the general meeting after considering the representations of such independent director.

Independent directors can explain the matter concerned to the board of supervisors, give representations and justify himself/herself before the dismissal is proposed.

Article 162

The appraisal report of an independent director subject to the approval of the shareholders' general meeting shall include the attendance of an independent director at the board meetings and the summary of the board meetings he/she attended, the objections raised by him/her and the follow-ups of the board of directors.

Article 163

The Company shall pay emoluments and allowances to independent directors. The emoluments for the independent directors shall be formulated by the board of directors, considered and adopted at the shareholders' general meeting and disclosed in the annual reports of the Company.

Independent directors shall not receive, other than the emoluments and allowances mentioned above, additional and undisclosed benefits from the Company and its substantial shareholders, de facto controllers or other related entities or individuals who have interests in the Company.

**Section 3 Board of Directors and Chairman**

Article 164

The board of directors established by the Company shall be accountable to the shareholders' general meeting.

Article 165

The board of directors shall consist of 7 to 15 directors. The number of directors shall be determined by the shareholders' general meeting.

- Article 166 The board office under the board of directors established by the Company is responsible for organizing, preparing documents for and keeping minutes of shareholders' general meetings, board meetings and meetings of the special committees under the board of directors, information disclosure, investor relations and other general affairs of the board of directors and the special committees under the board of directors.
- Article 167 The board of directors shall have one chairman and may have a vice chairman served by a director, who shall be elected and removed by a majority of the directors.
- The roles of chairman and president of the Company shall be separate. The position of chairman may not be assumed by the legal representative or a key officer of a controlling shareholder.
- Article 168 The board of directors shall perform the following duties:
- (1) to convene and report its work to the shareholders' general meeting;
  - (2) to implement the resolutions of the shareholders' general meeting;
  - (3) to determine and supervise the implementation of the operation plans, development strategies and investment proposals of the Company;
  - (4) to formulate capital plans;
  - (5) to formulate annual financial budget and final account statement of the Company;
  - (6) to formulate profit distribution plan and plan for recovery of losses of the Company;
  - (7) to formulate proposals for increases or reductions of the registered capital of the Company;
  - (8) to formulate plans for the merger, separation, changes of the form and dissolution of the Company;
  - (9) to formulate proposals for the issue of corporate bonds, any types of shares, warrants or other marketable securities by the Company and the listing of the Company;
  - (10) to formulate plans for the repurchase of shares of the Company under the circumstances (1), (2) of the first paragraph under Article 28 of these Articles;

- (11) to resolve on repurchase of shares of the Company under the circumstances (3), (5), (6) of the first paragraph under Article 28 of these Articles;
- (12) to formulate the amendments to these Articles, the rules of procedures of the shareholders' general meeting and the rules of procedures of the board of directors;
- (13) to consider and approve the terms of reference of the president;
- (14) to appoint or remove the president of the Company and the secretary to the board of directors;
- (15) to appoint or remove vice president and other senior management members (excluding secretary to the board of directors) as nominated by the president;
- (16) based on the proposal of shareholders individually or jointly holding 10% or above Shares with voting rights of the Company, chairman of the board of directors and more than one-third of directors, to elect the chairman and members of the nomination and remuneration Committee; based on the nomination of the nomination and remuneration committee, to elect the chairman (other than the chairman of the strategy and development committee) and members of other special committee of the board of directors;
- (17) to propose the performance appraisal system and remuneration packages for directors to the shareholders' general meeting for approval;
- (18) to determine the compensation, appraisal, incentive and punishment matters of the senior management members and director of the internal audit department of the Company;
- (19) to formulate the basic management system of the Company; to determine the risk management, compliance and internal control policies of the Company and formulate systems in relation to the internal control and compliance management as well as internal audit of the Company;
- (20) to determine the structure of internal management departments of the Company;
- (21) to evaluate and improve the corporate governance of the Company on a regular basis;

- (22) to formulate equity incentive scheme;
- (23) to manage the matters in relation to the information disclosure and the management of investors' relations of the Company and assume the ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of accounting and financial reports of the Company;
- (24) to propose the appointment, removal or termination of appointment of accounting firm to the shareholders' general meeting;
- (25) to consider and approve, or authorize the connected transactions management committee of the board of directors to approve, connected party transactions, except for those which shall be considered and approved by the shareholders' general meeting;
- (26) within the scope of authorization of a shareholders' general meeting, to consider and approve the investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity assets, writing off of assets, material decisions of legal corporations and external donations;
- (27) to consider and approve the proposals of each special committee of the Board;
- (28) to consider the work report of the president to ensure that each Director obtains the information related to the fulfillment of his/her duties in accordance with the relevant regulatory requirement in a timely manner; to review the work of senior management members to monitor and ensure their effective performance of management duty;
- (29) to consider execution and rectification of the regulatory suggestions from the banking regulators of the State Council to the Company;
- (30) to review the structure of the first class Company Branches of the Company inside and outside the PRC;
- (31) to consider the responsibilities and insurance matters of senior management;
- (32) to approve the articles of association for internal audit, medium-to-long term audit plan, annual working plan and audit budget, the establishment of audit department, remuneration of staff and the appointment and removal of major officers of the audit department;

(33) to perform other duties as required by laws, regulations, regulatory documents, the requirements of the securities regulatory authority of the place where the shares of the Company are listed and these Articles, and other matters as authorized by the shareholders' general meeting.

The above issues within the power of the board of directors shall be considered and decided by the board meetings but may be delegated to the chairman or the president for making decision thereon provided that it is necessary, reasonable and lawful. The matters for delegation shall be approved either by a majority or two-thirds of the directors if the matters are so provided under these Articles.

The content of the delegation by the board of directors shall be specific, and the terms and conditions of the delegation shall be determined in writing.

#### Article 169

The board of directors shall not, without the prior approval of or consent of the shareholders' general meeting, dispose or agree to dispose, of any fixed assets where the aggregate amount of the expected value of the consideration for the proposed disposal and the total value of the consideration for any disposal of any fixed assets that has been completed within four months immediately preceding the proposed disposal exceeds 33% of the value of the fixed assets as shown in the latest balance sheet reviewed by the shareholders' general meeting.

For the purposes of this article, a disposal of fixed assets may refer to an act involving the transfer of an interest in assets but does not refer to provision of security by way of fixed assets.

The validity of a disposal transaction by the Company of its fixed assets shall not be affected by the violation of the first paragraph of this article.

#### Article 170

The board of directors shall review the development strategy of the Company on a regular basis to ensure the development strategy and operating condition of the Company are in line with the change of market. The board of directors shall assess the operating condition of the Company on a regular basis and conduct comprehensive evaluation on the performance of duties of senior management based on the result of assessment.

#### Article 171

The board of directors shall take into account the opinion of external auditors when performing their duties and may engage intermediaries and professionals for assistance at reasonable expense of the Company.

- Article 172                   Where the board of directors dismisses the president during his/her term of office, it shall promptly notify and give a written explanation to the board of supervisors.
- Article 173                   The board of directors shall submit itself to the supervision of the board of supervisors, and shall not obstruct or hinder any inspection or audit carried out by the board of supervisors within the functions and powers of the board of supervisors.
- Article 174                   The chairman of the board of directors shall perform the following duties:
- (1) to preside over the shareholders' general meetings and to report to the shareholders' general meeting on behalf of the board of directors;
  - (2) to convene and preside over the board meetings;
  - (3) to supervise and inspect the implementation of the resolutions of the board of directors;
  - (4) to supervise and inspect the performance of each special committee under the board of directors;
  - (5) to sign the share certificate, corporate bonds and other marketable securities of the Company;
  - (6) to exercise the functions and powers in the capacity of the legal representative of the Company;
  - (7) to exercise certain functions and powers of the board of directors in accordance with the authorization of the board of directors between sessions of the board meetings.
  - (8) in any emergent force majeure events such as severe natural disasters, to exercise the special right of disposal in respect of the business of the Company in compliance with laws, regulations and in the interests of the Company, and report to the board of directors and the general meeting of the Company afterwards; and
  - (9) any such other functions and powers as provided for by relevant laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the Company's shares are listed and these Articles and as granted by the board of directors.

Article 175 In the event that the chairman is unable or fails to perform his/her duties, the vice chairman shall perform his/her functions on his/her behalf. In the event that the vice chairman is unable or fails to perform his/her duties, a director shall be elected by more than half of the directors to perform the chairman's functions and powers.

Article 176 Board meetings are divided into regular board meetings and extraordinary board meetings. The board of directors shall notify supervisors to sit at the board meetings.

Article 177 Regular board meetings shall be convened at least four times a year, approximately once a quarter. Regular board meetings shall not be convened by way of correspondence. The board of directors shall notify all directors and supervisors in writing together with relevant meeting documents 14 days before the meeting is convened.

Article 178 The chairman of the board of directors shall issue the notice of convening an extraordinary meeting of the board of directors within ten days from the date of the occurrence of the following circumstances:

- (1) request of the shareholders who individually or jointly hold 10% or more of the Shares with voting rights of the Company;
- (2) the chairman of the board of directors deems necessary;
- (3) request of more than one-third of directors;
- (4) request of the board of supervisors;
- (5) request of more than half of the independent directors (or at least two);
- (6) request of the president;
- (7) other circumstances as stated in laws, regulations, regulatory documents, the requirements of the securities regulatory authority of the place where the shares of the Company are listed and these Articles.

To convene an extraordinary meeting of the board of directors, written notice, together with relevant meeting documents, shall be given to all directors seven days before the date of meeting. In case of emergency, the convening of an extraordinary meeting of the board of directors is not subject to the aforementioned notification time, but reasonable notice shall be given.

Article 179

A notice for the board meeting shall include the following:

- (1) the venue and time of the meeting and the means by which the meeting will be held;
- (2) the convener of the meeting;
- (3) the duration of the meeting;
- (4) the agenda, subject matter, resolutions and relevant information of the meeting;
- (5) the date on which such notice is dispatched;
- (6) relevant explanation for and the basis of convening the board meeting in the event that the meeting is not convened by the chairman; and
- (7) the name and contact details of the contact person of the meeting.

Article 180

The notice convening a board meeting shall be given in the following ways:

- (1) a notice convening a regular board meeting shall be given in writing; a notice convening an extraordinary board meeting shall be given in writing, with exception in case of emergency where such notice may be given via telephone or verbal communications and followed by a written notice thereafter; and
- (2) such notice may be given by personal delivery, registered mail, facsimile, email or other means. In case of notifying by means other than personal delivery, the Company shall confirm by telephone and keep the relevant records.

Article 181

Unless otherwise provided in these Articles, a board meeting shall be held only if more than half of the directors (including those who appoint other directors to attend the meeting on their behalf) are present. If some of the directors have interest in any matters to be discussed, the board meeting shall only be held when a simple majority of the directors who do not have any interest in matters to be discussed are present.

Article 182

The board meeting may be held by onsite meeting or by way of correspondence. For the convenience of the directors, onsite meetings may be held by telephone, video or other instant communication means, and directors present at the meetings by such means shall be deemed to attend the meeting in person.

Resolutions of the board of directors shall be passed by a majority vote of all directors. Resolutions concerning the following shall be passed by two-thirds or more of all the directors and the board meeting shall not be convened by way of correspondence:

- (1) to formulate the development strategy of the Company;
- (2) to formulate annual financial budget and final financial account statement of the Company;
- (3) to formulate profit distribution plan and plan for recovery of losses;
- (4) to formulate proposals for increase or reduction of the registered capital;
- (5) to formulate proposals for replenishment of capital;
- (6) to formulate plans for the merger, separation, changes of the form and dissolution of the Company;
- (7) to formulate proposals for the issue of corporate bonds, any types of shares, warrants or other marketable securities by the Company and the listing of the Company;
- (8) to formulate plans for the repurchase of shares of the Company;
- (9) to formulate proposals for any amendment to these Articles;
- (10) within the scope of authorization of a shareholders' general meeting, to consider and approve the investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and guarantee of assets, purchases and disposal of fixed assets, disposal of debt-to-equity assets, writing off of assets, major decisions of legal corporations and external donations;
- (11) to appoint or remove the president and other senior management of the Company and decide on their remuneration, award and punishment;
- (12) to elect the chairman (other than the chairman of the strategy and development committee) and members of each special committee of the board of directors;
- (13) to propose the appointment, dismissal and termination of appointment of accounting firm to the shareholders' general meeting;

- (14) other matters that after being passed by the board of directors as ordinary resolutions, may have a material effect on the Company and have to be passed by not less than two-thirds of the directors;
- (15) to approve any annual cap or one-off donations for the relief of regions with material contingencies which are beyond the scope of approval by the shareholders' general meeting and other matters;
- (16) to approve other resolutions which shall be passed by not less than two-thirds of the directors as provided for by laws, regulations, regulatory documents, the requirements of the securities regulatory authority of the place where the shares of the Company are listed and these Articles.

Article 184

Where a director or any of his/her associates (as defined in the Hong Kong Listing Rules) are materially interested in a matter to be resolved by the board meeting, such director shall abstain from voting on such resolution(s), shall not vote on behalf of other director and shall not be counted as quorum of the meeting, unless otherwise provided for by laws, regulations, regulatory documents or relevant provisions of the securities regulatory authorities of the place where the shares of the Company are listed.

Resolutions of the board of directors shall be passed by more than one-half of the votes of the directors who have no interest in the resolutions. Where less than three directors who have no material interest in the resolutions attend the board meeting, such resolutions shall be submitted to the shareholder's general meeting of the listed company. The board of directors shall explain to the shareholders' general meeting the discussion of the board of directors on such resolutions and the views of the directors who have no material interest in such resolutions.

Article 185

Board meeting may be voted by show of hands or open ballot. Each director has one vote. Any director failing to vote shall be deemed to abstain from voting.

Article 186

Directors shall attend board meetings in person. If a director is unable to attend a meeting for any reason, he/she may appoint another director of the same type in writing to attend the meeting on his/her behalf. A proxy form shall state the name of the proxy, the scope of authorization, the authority of the proxy and the period of validity, and also be signed or affixed by the principal and the proxy.

The director attending the meeting on behalf of another director shall exercise his/her power within the scope of authorization. Any director who does not attend a board meeting either in person or by proxy shall be deemed to have waived his/her voting right at the meeting.

- Article 187 Minutes shall be maintained for resolutions at each board meeting. Both the directors who attend the meeting and the minute-taker shall sign on the minutes.
- Minutes of the board meetings shall be maintained as archives of the Company by the board secretary according to the archive management system of the Company.
- Article 188 The minutes of the board meeting shall specify:
- (1) the venue, date and the names of the convener and chairman of the meeting;
  - (2) names of directors present at the meeting in person, and names of principals and proxies present at the meeting;
  - (3) agenda of the meeting;
  - (4) key issues in directors' speech (including doubts and dissenting opinions) or the opinions of directors in writing in the event that the meetings are held by written resolutions;
  - (5) the method and results of voting on each resolution (including the number of votes for, against and the number of abstention as well as the vote by each director).
- Article 189 Directors shall undertake the responsibilities for the resolutions of the board of directors. In the event that any resolution of the board of directors is in breach of laws, regulations, regulatory documents, these Articles or resolutions passed by the shareholders' general meeting, which causes loss of the Company, the directors voting for such resolution shall be held liable for such losses. However, where a director has been proved to have expressed dissenting opinions during voting on such resolution which have been recorded in the meeting minutes, such director may be exempted from such liability.
- Article 190 The board of directors shall formulate its rules of procedure, which shall be considered and approved by the shareholders' general meetings, so as to ensure the efficiency and reasonable decision-making of the board of directors.
- Article 191 The opinions of the Party Committee shall be heard before the board of directors decides on material matters of the Company.

## Section 4 Board Secretary

- Article 192                   The Company shall have a board secretary who shall be appointed and dismissed by the board of directors. The board secretary is a senior management member of the Company.
- The board secretary shall be accountable and report to the board of directors. A board secretary may be dismissed by the board of directors if the board of directors identifies any misconduct or negligence of duty of the board secretary.
- Article 193                   The board secretary appointed by the board of directors should be a natural person with the required knowledge and experiences.
- Article 194                   The major duties of the board secretary include the following:
- (1) to prepare and submit the reports and documents issued by the board of directors and shareholders' general meetings to the relevant government authorities;
  - (2) to assist the directors in handling the daily work of the board of directors, providing the directors with or, reminding them of and ensuring that they understand the regulations, policies and requirements of the relevant regulatory authorities in relation to the Company's operation; and to assist the directors and president in complying with the relevant laws, regulations, regulatory documents, these Articles and any other applicable rules when exercising their powers;
  - (3) to organize and prepare the documents of shareholders' general meetings, board meetings and special committees of the board of directors, prepare minutes of meetings and ensure the procedures of such meetings are in compliance with the legal requirements, and monitor the execution of the resolution by the board of directors;
  - (4) to organize and coordinate information disclosure with the aim of enhancing the transparency of the Company and to ensure that the Company prepares and submits the reports and documents required by the regulatory authorities in accordance with laws;
  - (5) to assist the board of directors in preparing and revising documentation for corporate governance of the Company, and to establish a reasonable decision making system and corporate governance procedure;

- (6) to be responsible for the confidentiality work related to the information disclosure, formulating the confidentiality measures, urge all directors, supervisors and senior management and relevant insiders to keep the information confidential before the disclosure, and adopt remedial measures in due time in the case of disclosure of inside information;
- (7) to coordinate the relationship between the Company and the regulatory authorities, intermediaries and media and to coordinate the relationship with regulatory authorities, intermediaries and media;
- (8) to be responsible for keeping the important documents such as resolutions and minutes of the shareholders' general meeting, the board of directors and the special committee of the board of directors;
- (9) to maintain the shareholders' register, the register of directors, supervisors and senior management members and the information regarding the shareholding of controlling shareholders and directors, supervisors and senior management members of the Company;
- (10) to ensure that the persons who have the right of access to the relevant records and documents of the Company can obtain the same in a timely manner;
- (11) to perform other duties conferred by laws, regulations, rules, regulatory documents and these Articles and other matters as authorized by the board of directors.

Article 195

The Company shall support the board secretary to perform his/her duties pursuant to the laws, in terms of structural and staff deployment and funding for the fulfillment of his/her duties and the smooth operation of the respective departments.

Article 196

The position of board secretary shall be held by a designated person. A director or a senior management member of the Company may hold the office of board secretary, provided he/she is competent and has enough time to perform the duties concurrently.

None of the president, supervisors, chief financial officer and the accountant(s) of the accounting firm engaged by the Company and those who are prohibited by the laws, regulations, rules and other regulatory documents from acting as board secretary shall act as board secretary.

Article 197                               Where the office of board secretary is held by a director and an act is required to be done by a director and a board secretary separately, the person who holds the offices of director and board secretary concurrently may not perform the act in dual capacities.

## **Section 5   Special Committees under the Board of Directors**

Article 198                               Special committees including the strategic development committee, risk management committee, related party transactions committee, audit committee and nomination and remuneration committee are set up under the board of directors of the Company. The board of directors may set up other special committees and restructure the existing committees as necessary. Each special committee shall be accountable to the board of directors, provide professional opinions to the board of directors or make decisions on professional matters as authorized by the board of directors and assist the board of directors to perform their duties.

Article 199                               Each special committee shall consist of at least three members with professional knowledge and work experience appropriate to the duties of the special committee and all of its members shall be directors. The strategic development committee shall be chaired by the chairman of the board of directors. The audit committee and the nomination and remuneration committee shall be chaired by an independent director.

The chairmen of the audit committee, related party transactions committee and risk management committee shall work for no less than 25 working days for the Company each year.

Article 200                               The Company shall provide necessary working conditions for each special committee to fulfill their responsibilities.

Special committee, if necessary, shall engage intermediaries and professionals for assistance at the reasonable expense of the Company.

Article 201                               The strategic development committee shall perform the following duties:

- (1) to review the operational target and general strategic development plan of the Company and make recommendations to the Board; to assess factors which may affect the development strategy of the Company and its implementation and make recommendations on adjustment of the strategy to the board of directors in a timely manner based on the economic and financial conditions and market trends in the PRC and overseas;
- (2) to review the annual financial budget and final accounts of the Company and make recommendations thereon to the board of directors according to the development strategy;

- (3) to assess the overall development status of various businesses and make suggestions on adjustments of the strategic development plan to the board of directors in a timely manner;
- (4) to review the implementation of the business plan and investment plan of the Company and the strategic asset allocation and asset-liability management objectives of the Company and make recommendations thereon to the board of directors;
- (5) to review major restructuring and adjustment proposals and make recommendations thereon to the board of directors;
- (6) to review material investment and financing plans and such other matters as the acquisition, disposal and write-off of assets and the provision of guarantees to external parties that are subject to the approval of the shareholder's general meeting and the board of directors, and make recommendations thereon to the board of directors;
- (7) to review those plans for the establishment of any legal entity and the merger with or acquisition of any entity which need to be approved by the shareholder's general meeting and the board of directors, and make recommendations thereon to the board of directors;
- (8) to review the establishment and adjustment plan of the Company's internal functional departments and first level branch companies as well as other institutions directly under the control of the Company, and make recommendations thereon to the board of directors;
- (9) to review information technology development and other special strategic development plans, and make recommendations thereon to the board of directors;
- (10) to examine and assess corporate governance structure of the Company to ensure that the financial reports, risk management and internal controls are in compliance with corporate governance standards of the Company;
- (11) to perform such other duties as are stipulated by laws, regulations, regulatory documents, administrative regulations of the securities regulatory authorities of the place(s) where the shares of the Company are listed and the requirements of these Articles and other matters as authorized by the board of directors.

The risk management committee shall perform the following principal duties and permissions:

- (1) to review the risk management framework system, the basic policies, procedures and management systems of risk management based on the overall strategy of the Company; to supervise the implementation and effectiveness of the risk strategy, risk management procedures and the internal control procedures, and make suggestions to the board of directors;
- (2) to supervise the structure, ways of organization, working procedures and effect of the risk management department, and make suggestions to the board of directors;
- (3) to consider and discuss the risk capital distribution solution and the management target of capital adequacy ratios, review the clarification standards of assets and risks provision policies, and submit to the board of directors for consideration and approval; to review and supervise the implementation of the capital plan, making suggestions on the information disclosure of the capital adequacy ratios;
- (4) to consider and discuss the annual risk management target and the annual risk management plan submitted by the senior management, and implement the same after reporting to the board of directors and obtaining its approval, and also supervise its implementation; to review the duties, permissions and reporting systems of the senior management regarding risk and implement the same after reporting to the board of directors and obtaining its approval; to procure the senior management to take necessary steps to identify, assess, inspect and control risk; to monitor and assess the controlling situation of risk in relation to the credit, market and operation of senior management and their performance, and make suggestions to the board of directors;
- (5) to make suggestions regarding the perfection of the risk management and internal control of the Company from the perspective of the Company and an overall view;
- (6) to make assessment to the risk condition of the Company on a regular basis, and make suggestions to the board of directors;
- (7) to consider the material risk management matters or transaction projects that are out of the scope of authorization of the president and that are proposed by the president to this committee for consideration, and make suggestions to the board of directors;

- (8) to supervise the working condition of legal and compliance management; to consider the legal and compliance policies and relevant basic management system and make suggestions and submit the same to the board of directors for consideration and approval; to listen to and consider the implementation condition of the legal and compliance policies;
- (9) to perform other duties as required by laws, regulations, regulatory documents, the requirements of the securities regulatory authority of the place where the shares of the Company are listed and these Articles, and other matters as authorized by the board of directors.

#### Article 203

The related party transaction committee shall perform the following principal duties and permissions:

- (1) to review basic management systems for related party transactions, oversee its implementation and make suggestions to the board of directors;
- (2) to identify related parties of the Company and report to the board of directors and the board of supervisors and inform relevant parties of the Company in a timely manner;
- (3) to make an preliminary review to the related party transactions as approved by the board of directors or the shareholders' general meeting;
- (4) to consider and discuss related party transactions and other matters thereof under the scope of authorization by the board of directors;
- (5) to accept records of related party transactions, and review the information disclosure matters in relation to the material related party transactions of the Company;
- (6) to consider and approve the annual management report on related party transactions and report to the board of directors;
- (7) to perform other duties as required by laws, regulations, regulatory documents, the requirements of the securities regulatory authority of the place where the shares of the Company are listed and these Articles, and other matters as authorized by the board of directors.

#### Article 204

All the members of the audit committee shall be non-executive directors. The majority of the audit committee shall be independent directors, at least one of which shall have the appropriate professional qualification or accounting or related financial management expertise.

The audit committee shall perform the following major duties;

- (1) to supervise the internal control of the Company, the core business of the Company and the formulation and implementation of management procedures and systems of the Company, and to assess the compliance and validity of the Company's significant operating activities;
- (2) to supervise the financial information of the Company and its disclosure, the major financial policies of the Company and the implementation thereof, the financial operation of the Company, and to monitor the authenticity of financial reports and the effectiveness of the financial reporting procedures implemented by the management;
- (3) to review the basic audit management procedures and rules, medium-to-long-term audit plans, annual work plans, internal audit system design, and make recommendations to the Board;
- (4) to supervise and appraise the internal audit work of the Company, supervise the implementation of the Company's internal audit system, and appraise the working procedure and effectiveness of the internal audit department;
- (5) to propose the appointment or replacement of the external auditor to the Board for consideration and approval, take appropriate measures to supervise the work of the external auditor, review the external auditor's reports, and ensure the final responsibility of the external auditor to the board of directors and the audit committee;
- (6) to review annual audit reports and other specific opinions provided by the accounting firm, review audited financial and accounting reports, other financial and accounting reports and other disclosable financial information, to make judgments on the truthfulness, completeness and accuracy of the information contained in such audited financial reports and submit the same to the Board for consideration;
- (7) to coordinate communication between the internal audit department and the external auditor; and
- (8) to perform such other duties as are stipulated by laws, regulations, regulatory documents, administrative regulations of the securities regulatory authorities of the place(s) where the shares of the Company are listed and the requirements of these Articles and other matters as authorized by the board of directors.

The majority of the nomination and remuneration committee shall be independent directors. The nomination and remuneration committee shall perform the following major duties:

- (1) to review the strategic development plan of human resources and make recommendations thereon to the board of directors;
- (2) to provide recommendations to the board of directors regarding the candidates for directors, president and secretary of the Board;
- (3) to formulate the procedures and criteria for the election and appointment of directors, chairmen and members of the board committees and senior management, and make recommendations thereon to the board of directors;
- (4) to conduct a preliminary review of the qualifications of candidates for directors and senior management, and make recommendations thereon to the board of directors;
- (5) to nominate candidates for chairmen and members of the board committees (other than the strategy and development committee);
- (6) to formulate the appraisal method and remuneration packages of directors and appraise the performance and behavior of directors, report the same to the board of directors, and upon consent of the board of directors, submit the same to the shareholders' general meeting for approval;
- (7) to formulate and review the appraisal method and remuneration packages of the senior management and the head of the internal audit department of the Company, appraise the performance and behavior of the senior management, and report the same to the board of directors for approval;
- (8) to review major human resources and remuneration policies and management systems submitted by the senior management to the board of directors or the shareholder's general meeting for approval and submit the same to the board of directors for approval, and to supervise the implementation thereof; and
- (9) to perform such other duties as are stipulated by laws, regulations, regulatory documents, administrative regulations of the securities regulatory authorities of the place(s) where the shares of the Company are listed and the requirements of these Articles and other matters as authorized by the Board.

Article 206 The work rules and terms of reference of the special committees under the board of directors shall be formulated by the board of directors in accordance with laws, regulations, rules and the actual situation of the Company. Each special committee shall formulate annual work plans and hold meetings if necessary.

## **CHAPTER 10 SENIOR MANAGEMENT**

Article 207 The Company shall have one president, several vice presidents and assistants to the president and if necessary, other senior management positions to assist president. The president, vice president, assistants to president and other senior management shall be appointed or dismissed by the board of directors upon the approval of their qualification by the banking regulatory authority of the State Council.

Article 208 President and board secretary shall be appointed or dismissed by the board of directors, while other positions of senior management shall be nominated by the president, and appointed or dismissed by the board of directors. The Company shall enter into engagement contracts with senior management.

Article 209 The Company may, if necessary, establish special committees, which shall be accountable to the president.

Article 210 The president shall be responsible for the board of directors and shall perform the following duties:

- (1) to lead the operation and management of the Company, arrange the implementation of the resolutions of the board of directors and submit work reports to the board of directors;
- (2) to submit annual operation and investment plans of the Company on behalf of senior management to the board of directors and implement such plans upon approval of the board of directors;
- (3) to formulate plans for the establishment of the Company's internal management departments and branches and submit such plans to the board of directors for approval;
- (4) to formulate basic management systems of the Company in respect of internal compliance (except the internal audit system) and submit such systems to the board of directors for approval;
- (5) to formulate specific regulations of the Company (except the internal audit regulation);

- (6) to propose to the board of directors on the appointment or dismissal of vice presidents, assistants to the president and other senior management (except board secretary);
- (7) to appoint or dismiss heads of internal departments and branches (other than internal audit department);
- (8) to consider and approve the investment and disposal of equity and debentures, financing and guarantee, acquisition and disposal of fixed assets, write-off of assets, establishment and cancellation of legal corporations, external donation and other operating and management activities within the authorization of the board of directors;
- (9) to assess the performance of the people in charge of internal departments and branches and determine their emoluments (except internal audit department);
- (10) to propose to convene an extraordinary board meeting;
- (11) to take emergency measures that are in the interests of the Company in the event of significant incidents or other emergencies of the Company, and immediately report to the banking regulatory authority of the State Council, the board of directors and the board of supervisors;
- (12) any other functions and powers to be exercised by the president, as provided by laws, regulations, regulatory documents, requirements of the securities regulatory authorities of the place where the shares of the Company are listed and these Articles and as determined by the shareholder's general meeting and the board of directors.

#### Article 211

The vice presidents, the assistant to the president and other senior management shall assist the president with his/her work, and shall implement a system of division of responsibility in accordance with the authorization by the president. When the president is unable to perform his/her duties, the vice presidents, assistants to the president or other senior management designated by the board of directors shall perform the duties of the president on his/her behalf.

#### Article 212

Senior management shall accurately, completely and timely report operating results, material contracts, financial position, risk position and operating prospects of the Company to the board of directors on a regular basis or as required by the board of directors. Senior management shall reply any enquiries from the board of directors or special committees of the board of directors.

Senior management shall submit themselves to the supervision of the board of supervisors and shall report operating results, material contracts, financial position, risk position and operating prospects of the Company to the board of supervisors. Senior management shall not hinder or obstruct any inspection and supervision conducted by the board of supervisors in accordance with its terms of reference.

Article 213

The president shall sit in at the board meetings.

Article 214

Directors and chairman of the board of directors shall perform their duties in accordance with laws, regulations, regulatory documents and these Articles and shall not violate the rules of procedures and procedures of decision-making of the Company and exceed their powers and interfere in the management of the president and other senior management.

Article 215

In respect of any matter subject to the approval of the board of directors and submitted by the president, the board of directors shall discuss and make decision in a timely manner.

Article 216

The president and other senior management shall comply with laws, regulations, regulatory documents and these Articles and shall perform their duties honestly and diligently.

Article 217

The president shall formulate rules for his/her work which shall be implemented upon approval of the board of directors.

Article 218

Specific procedures and terms of resignation of the president and other senior management shall be prescribed by the engagement contract entered into between them and the Company. The resignation of the above personnel shall be subject to the completion of the resignation audit.

Where the president or other senior management is in violation of laws, regulations, regulatory documents and these Articles and causes any loss incurred by the Company during performing his/her duties, he/she shall assume the liability accordingly.

# CHAPTER 11 SUPERVISORS AND THE BOARD OF SUPERVISORS

## Section 1 Supervisors

Article 219 A supervisor shall be a natural person. The supervisors of the Company consist of supervisors as representatives of the shareholders (“Shareholder Representative Supervisors”), external supervisors and supervisors as representatives of the employees (“Employee Representative Supervisors”).

Employee Representative Supervisors shall be no less than one third of the total number of supervisors. In the event that the number of Employee Representative Supervisors is less than one third of the total number of supervisors, the Company shall carry out re-election in accordance with the relevant procedures in a timely manner.

Article 220 The qualification of a Supervisor shall be in compliance with the requirements of laws, regulations, regulatory documents and these Articles. Shareholder Representative Supervisors and external supervisors shall be elected, replaced or removed by the shareholders’ general meeting.

Employee Representative Supervisors of the Company shall be elected, replaced or removed at the employees’ representative meeting by the employees of the Company.

Article 221 Directors and senior management members of the Company shall not be the supervisors concurrently.

Article 222 Each Shareholder Representative Supervisor and external supervisor shall work for not less than 15 working days for the Company each year.

Article 223 The nomination and election procedures of the Shareholder Representative Supervisors are set forth as follows:

- (1) the candidates of Shareholder Representative Supervisors shall be nominated by proposals submitted by the board of supervisors or the shareholders individually or jointly holding 5% or more of the shares of the Company with voting rights, attached with written materials including their basic information and biographies;

- (2) a candidate of Shareholder Representative Supervisor shall, prior to the convening of the shareholders' general meeting, give a written undertaking letter that he/she agrees to accept the nomination and that the personal information as publicly disclosed is true and complete, and warrants that he/she will duly perform his/her obligations as a supervisor after he/she is elected. A written notice of the intention to nominate a candidate of supervisor and the candidate's willingness to be elected and the written materials of the candidate's basic information shall be delivered to the Company no later than 10 days prior to the convening of the shareholder's general meeting;
- (3) the Company shall disclose the detailed information on the candidates of Shareholder Representative Supervisors at least seven days before the convening of the shareholder's general meeting, to ensure that shareholders obtain adequate knowledge about the candidates when casting their votes;
- (4) the shareholders' general meeting shall review and vote on the election of the candidates of supervisors one by one.

#### Article 224

The term of office of a supervisor shall be three years, commencing from the date of election at the shareholders' general meeting or employees' representative meeting or by other democratic procedures, renewable upon re-election. Each supervisor shall not be dismissed without justified reasons prior to the expiry of term of office. The term of office of an external supervisor in an asset management company shall not exceed six years.

A supervisor shall continue to perform his/her duties in accordance with the laws, regulations, rules, regulatory documents and these Articles until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

- Article 225 If a supervisor fails to attend meetings convened by the board of supervisors for two consecutive times and fails to appoint other supervisor(s) to attend such meetings on his/her behalf, or fails to attend at least two-thirds of such meetings in person every year, he/she shall be deemed to have failed to discharge his/her duties, and shall be removed and replaced at shareholders' general meetings or by other democratic procedures of employees.
- Article 226 Supervisors shall attend meetings of the board of supervisors in person. If supervisors are unable to attend the meeting in person for certain reasons, they may entrust other supervisors in writing to attend the meeting as their proxy. The authorization letter of proxy shall include scope of approval.
- Article 227 A supervisor may resign prior to the expiration of his/her term of office. To resign from office, a supervisor shall submit a written resignation to the board of supervisors. The resignation of supervisors shall follow the provisions on the resignation of directors under Section 1 of Chapter 9 herein.
- Article 228 Supervisors shall perform their duties faithfully and diligently in accordance with the laws, regulations, regulatory documents and these Articles.
- Article 229 Supervisors may sit in on the board meetings as non-voting attendees and may raise enquires or recommendations in relation to the resolutions of the meetings.
- The supervisors who sit in on the board meetings shall report the details of the board meetings to the board of supervisors.
- The board of supervisors may appoint supervisors to attend the meetings of the board committees and the meetings of the senior management members if necessary.
- Article 230 A supervisor shall not use his/her connection to damage the interest of the Company, and if the Company suffers any losses arising therefrom, he/she shall be liable to compensation.
- Article 231 If the Company suffers any losses due to the failure of a supervisor to discharge his/her duties in compliance with laws, administrative regulations, department rules or these Articles, he/she shall be liable to compensation.

## Section 2 External Supervisors

- Article 232                    The external supervisors of the Company refer to supervisors who have not taken up any position in the Company other than that of a supervisor, and do not have any relationship with the Company and its substantial shareholders, de facto controller or other related entities or individuals which may hinder them from forming independent and objective judgments.
- The Company shall have at least two external supervisors. The external supervisors shall be nominated by the board of supervisors or by shareholders individually or jointly holding not less than 1% of the shares with voting rights in the Company, and shall be elected by the shareholders' general meeting.
- The qualifications, terms of office, election, replacement and resignation of the external supervisors shall follow the provisions set out herein in respect of independent directors.
- Unless otherwise stipulated in this section, the provisions in Section 1 of this chapter shall apply to external supervisors.
- Article 233                    An external supervisor may appoint another external supervisor to attend a meeting of the board of supervisor on his/her behalf, but the number of times he/she attends the meeting in person shall not be less than two-thirds of the total number of the meetings of the board of supervisors.
- Article 234                    An external supervisor who falls in any of the following circumstances shall be in serious dereliction of duties:
- (1) divulging any trade secret of the Company, hence damaging the legal interests of the Company;
  - (2) accepting improper gains in the course of performance of duty;
  - (3) taking advantage of his/her position as external supervisor to seek personal gains;
  - (4) failing to find out a problem which should have been found out in the course of supervisory inspection, or concealing a problem which has been found out, hence causing material losses to the Company;
  - (5) other acts identified to be serious dereliction of duty under the laws, regulations, departmental rules and regulatory documents or by the banking regulatory authority under the State Council.

#### Article 235

The board of supervisors is empowered to propose to the shareholders' general meeting the removal of an external supervisor who falls in any of the following circumstances:

- (1) serious dereliction of duty;
- (2) failing to meet the qualifications required for the position of external supervisor and failing to resign on his/her own;
- (3) having failed to attend the meetings of the board of supervisors in person for three consecutive meetings, or having failed to attend the meetings of the board of supervisors in person and failed to appoint another external supervisor to attend on his/her behalf for two consecutive meetings, or the number of meetings of the board of supervisors attended in a year being less than two-thirds of the total number of the meeting of the board of supervisors held in the year;
- (4) other circumstances in which one is not suitable to act as external supervisor under the laws, regulations, rules of departments and other regulatory documents.

Any removed external supervisor may make a public statement, if he/she believes that the grounds for removal of the Company is inappropriate.

#### Article 236

If the board of supervisors proposes the dismissal of an external supervisor at a shareholders' general meeting, it shall send a written notice to the external supervisor concerned one month prior to the convening of the shareholders' general meeting. The external supervisor shall have the right to give his/her representations orally or in writing before voting, and shall have the right to submit his/her representations to the banking regulatory authority of the State Council five days prior to the convening of the shareholders' general meeting. Shareholders shall vote at the shareholders' general meeting after considering the representations of such external supervisor.

A proposal submitted by the board of supervisors in connection with the dismissal of an external supervisor shall only be submitted to a shareholders' general meeting for consideration after the proposal has been adopted by two-thirds or more of the total number of supervisors. An external supervisor may, before the board of supervisors renders the proposal of dismissal, explain to the board of supervisors the relevant circumstances, make representations and defend himself/herself.

#### Article 237

External supervisors shall be entitled to emoluments and allowances from the Company. The payment standards shall be formulated by the board of supervisors with reference to the emoluments and allowances of the independent directors, and approved by the shareholders' general meeting.

### Section 3 Board of Supervisors

- Article 238                    The Company shall have a board of supervisors. The board of supervisors is a supervisory entity of the Company responsible to the shareholders' general meeting and monitors the senior management members such as the financial directors, directors and the president so as to prevent them from abusing their powers and infringing the interest of shareholders.
- Article 239                    The board of supervisors of the Company shall be composed of three to nine supervisors and the specific number shall be determined by the shareholders' general meeting.
- Article 240                    The board of supervisors shall have a chairman who shall have relevant accounting, audit, financial or legal professional knowledge and experience.
- The chairman of the board of supervisors shall be elected or dismissed by two-thirds or more of all the supervisors.
- Article 241                    The board of supervisors shall have its office which shall be responsible for the preparation of meetings of the board of supervisors and the special committees under the board of supervisors, preparation of meeting documents and minutes, and assist the board of the supervisors to carry out supervision and inspection work on corporate governance, financial management and internal control and carry out the daily work of the board of the supervisors and the special committees under the board of supervisors.
- Article 242                    The board of supervisors shall perform the following duties:
- (1) to examine and oversee the financial conditions of the Company, and review financial information including the financial reports and profit distribution plan;
  - (2) to formulate the rule of procedures of the board of supervisors or to formulate amendments to the rule of procedures of the board of supervisors;
  - (3) to nominate supervisors representing shareholders, external supervisors and independent directors; and to supervise the selection and appointment procedures of directors;
  - (4) to supervise the performance of directors and senior management and to propose the removal of directors and senior management who are in breach of the laws, regulations, these Articles or the resolutions of the shareholders' general meeting;

- (5) to urge directors and senior management to correct their acts which impair the interests of the Company;
- (6) to negotiate with directors on behalf of the Company and to initiate litigation against directors or senior management in accordance with the Company Law;
- (7) to supervise the scientificity and rationality of the Company's compensation management system and policies and the compensation plan for senior management members;
- (8) to propose to convene an extraordinary meeting of the Board;
- (9) to propose the convening of extraordinary general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under laws, regulations and these Articles;
- (10) to submit proposals to the shareholders' general meeting;
- (11) to formulate the assessment methods and remuneration package of supervisors and carry out appraisal of supervisors for approval at the shareholders' general meeting;
- (12) to monitor and inspect the operating decision, risk management and internal control of the Company and urge the rectification;
- (13) to supervise and direct the job of the internal audit department of the Company;
- (14) to perform other duties as required by laws, regulations, regulatory documents, the requirements of the securities regulatory authority of the place where the shares of the Company are listed and these Articles.

Supervisors may attend the meetings of the board of directors and the senior management and may make enquiries or suggestions on the resolutions.

The board of supervisors may carry out investigation if any irregularities of the operation of the Company are identified. The board of supervisors may exercise its right, if necessary, to engage intermediaries and professionals for assistance at reasonable expense of the Company.

Article 243                   The board of supervisors shall have the rights of information, suggestion and report as conferred by the laws and regulations. The Company shall take measures to safeguard the rights of information of the supervisors and provide relevant information to the board of supervisors according to the rules in a timely manner.

The board of supervisors may give advice to the board of directors and senior management and submit reports to the shareholders' general meeting as necessary.

Article 244                   Comprehensive auditing results regarding other internal departments and branches of the Company prepared by the internal audit department shall be submitted to the board of supervisors in a timely manner. The board of supervisors shall be entitled to request the board of directors or internal audit department to make explanations in case of any doubt on the auditing results.

The profit distribution proposal formulated by the board of directors shall be submitted to the board of supervisors in advance and the board of supervisors shall provide feedback within five working days upon receipt. If the board of supervisors fails to provide any feedback within the specific period, such proposal shall be deemed to be approved thereby.

Article 245                   Directors, senior management members and other internal departments shall provide relevant necessary materials and explanations of operation, management, auditing and other aspects to the board of supervisors at its request in performing its duties. The board of supervisors shall be entitled to access the accounts, records and documents of the Company as well as the relevant officers, departments and authorities, which shall provide necessary assistance in respect thereof from time to time.

Article 246                   The chairman of the board of supervisors shall perform the following duties:

- (1) to convene and preside over meetings of the board of supervisors;
- (2) to arrange for the performance of the duties of the board of supervisors;
- (3) to review and sign off the reports, resolutions and other key documents of the board of supervisors;
- (4) to report its work to the shareholders' general meeting on behalf of the board of supervisors; and

- (5) other duties as stipulated by the laws, regulations, regulatory documents, the securities regulatory authorities of the place where the shares of the Company are listed and these Articles and as authorized by the board of supervisors.

When the chairman of the board of supervisors is unable or fails to perform his/her duties for any reason, a supervisor elected by more than half of all the supervisors shall perform such duties.

Article 247 The meetings of the board of supervisors are divided into regular meetings and extraordinary meetings of the board of supervisors.

Article 248 Regular meetings of the board of supervisors shall be convened at least four times every year and at least once every six months. Regular meetings of the board of supervisors shall not be convened by way of correspondence. The board of supervisors shall inform all supervisors in writing ten days prior to the holding of the regular meeting.

Article 249 The chairman of the board of supervisors shall convene an extraordinary meeting within ten days from the date of receipt of the following requests:

- (1) the chairman of the board of supervisors deems necessary;
- (2) request by more than one-third of the supervisors;
- (3) request by all external supervisors;
- (4) other circumstances as stated in laws, regulations, rules, regulatory documents and these Articles.

To convene an extraordinary meeting of the board of supervisors, written notice shall be given seven days before the date of meeting. In case of emergency, the convening of an extraordinary meeting of the board of supervisors is not subject to the aforementioned notification time, but reasonable notice shall be given.

Article 250 A written notice for the meeting of the board of supervisors shall include the following:

- (1) the time and venue of the meeting and the means by which the meeting will be held;
- (2) the convener of the meeting;
- (3) the duration of the meeting;

- (4) the agenda, subject matter and proposals of the meeting;
- (5) the date on which the notice is served; and
- (6) the name and contact of the contact person of the meeting.

Article 251

The notice convening a meeting of the board of supervisors shall be given in the following ways:

- (1) a notice convening a regular meeting shall be given in writing; a notice convening an extraordinary meeting shall be given in writing, with the exception of emergency where such notice may be given via telephone or verbal communications and followed by a written notice thereafter; and
- (2) such notice may be given by personal delivery, registered mail, facsimile, email or other means. In case of non-personal delivery, the Company shall confirm by phone and keep the record accordingly.

Article 252

Meetings of the board of supervisors shall be convened and chaired by the chairman of the board of supervisors. When the chairman of the board of supervisors is unable to perform his/her duties of convening meetings of the board of supervisors for certain reasons, a supervisor elected by more than half of all the supervisors shall be responsible for convening and chairing the meeting of the board of supervisors.

The meeting of the board of supervisors may be held onsite or by way of correspondence. For the convenience of the supervisors, the onsite meeting may also be held by telephone, video or other means, and the supervisors present at the meetings by such means shall be deemed to attend the meeting in person.

Article 253

At a meeting of the board of supervisors, the vote may be taken by show of hands or open ballot. Each supervisor shall have one vote. The supervisor who has not cast a vote shall be deemed to have waived his/her voting right.

Article 254

A meeting of the board of supervisors shall not be conducted unless two-thirds or more of the supervisors (including those who appoint other supervisors to attend the meeting on his/her behalf) are present.

- Article 255 Supervisors shall attend the meetings of the board of supervisors in person. If a supervisor is unable to attend a meeting for any reason, he/she may appoint another supervisor in writing to attend the meeting on his/her behalf. A proxy form shall state the name of the proxy, the scope of the authorization, the authority of the proxy and the period of validity, and also be signed or affixed by the principal and the proxy.
- The supervisor attending the meeting on behalf of another supervisor shall exercise his/her power within the scope of authorization. A supervisor does not attend a meeting of the board of supervisors either in person or by proxy shall be deemed to have waived his/her voting right at the meeting.
- Article 256 The resolutions of the meeting of the board of supervisors shall be passed by not less than two-thirds of all the supervisors.
- Article 257 All supervisors shall have rights to speak at meetings of the board of supervisors. The chairman of the board of supervisors, not less than one-third of the supervisors, all external supervisors and special committees under the board of supervisors shall be entitled to submit proposals at the meetings of the board of supervisors for consideration.
- When deliberating relevant proposals and reports, the board of supervisors may require the directors, senior management, person-in-charge of the internal audit department and staff of external auditors of the Company to attend the meeting of the board of supervisors as non-voting delegates to give necessary explanations on relevant matters and to answer the questions the board of directors concerns.
- Article 258 The board of supervisors shall prepare minutes for matters which are discussed at its meeting. The supervisors (or their proxies) and minute-taker present at the meeting shall sign the meeting minutes. A supervisor shall have the right to request to have their different opinions recorded in the meeting minutes. Should any supervisor has a dissenting opinion on the resolution, such opinion shall be illustrated in the discussion.
- Article 259 Supervisors shall be accountable for any resolutions adopted by the board of supervisors, except for those who have expressed their objections which have been recorded in the minutes.
- Article 260 The minutes of the meetings of the board of supervisors shall be maintained according to the archive management system of the Company.
- Article 261 The board of supervisors shall formulate the rules of procedures of the board of supervisors, which shall be implemented after consideration and approval by the shareholders' general meeting, in order to ensure that the board of supervisors works efficiently and makes decisions scientifically.

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

Article 262 The board of supervisors may, based on the needs of the Company, establish special committees under the board of supervisors.

The special committees under the board of supervisors shall be accountable to and report to the board of supervisors. Each special committee may engage intermediaries or professionals for their advice at reasonable expense of the Company.

Article 263 The special committees shall formulate working plans for the year and convene meetings regularly. Each special committees shall be comprised of supervisors and a supervisor may concurrently take office in different special committees. Each special committee shall have no less than three members.

Article 264 The terms of reference and duties of each special committee under the board of supervisors shall be formulated in accordance with laws, regulations, rules and actual situation of the Company.

## **CHAPTER 12 QUALIFICATIONS, OBLIGATIONS AND INCENTIVE MECHANISMS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Article 265 The qualification of a director, supervisor and senior management of the Company shall be in compliance with the applicable laws, regulations, department rules and other regulatory documents and these Articles. The qualification of directors and senior management shall be verified by the banking regulatory authority of the State Council.

Article 266 A person may not serve as a director, supervisor or any senior management of the Company in any of the following circumstances:

- (1) a person without legal capacity or with restricted legal capacity;
- (2) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or sabotaging social economic orders or who has been deprived of his/her political rights;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation due to poor management and he/she is personally liable for the insolvency of such company or enterprise;

- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to close down its business due to a violation of law and who had personal liability;
- (5) a person who has relatively large amount of debts due and outstanding;
- (6) a person who is subject to criminal investigation by the legal authority which is still pending;
- (7) a person who is removed from office by other institutions or organizations due to the failure of performance of fiduciary obligations;
- (8) a non-natural person;
- (9) a person who is convicted of contravention of relevant securities regulations provisions by the relevant regulatory authorities of the State, and such conviction involves a fraudulent act or dishonesty, where not more than five years have elapsed since the date of the conviction; or
- (10) a person who is deemed not appropriate to act as a director, supervisor or senior management by laws, regulations, department rules, regulatory documents, these Articles, the banking regulatory authority of the State Council and other regulatory bodies.

The Company shall remove or dismiss a director, supervisor or senior management according to the procedures stipulated by these Articles if item (1) applies to him/her during his/her term of office.

#### Article 267

The validity of an act of a director, president and other senior management on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any non-compliance in his/her office, election or his/her qualification.

#### Article 268

The directors, supervisors and senior management of the Company shall comply with the laws, regulations, department rules and these Articles and shall perform fiduciary duty for the interests of the Company and its shareholders.

In addition to the obligations imposed by laws, regulations and listing rules of the stock exchange on which the shares of the Company are listed, each of the directors, supervisors and senior management of the Company owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him/her:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the property of the Company, including (without limitation) usurpation of opportunity advantageous to the Company; and
- (4) not to expropriate the rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to the restructuring of the Company submitted to shareholders' general meeting for approval in accordance with these Articles.

Article 269

Each of the directors, supervisors and senior management owes a duty, in the exercise of his/her powers or discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances.

Article 270

Each of the directors, supervisors and senior management shall perform his/her duties in accordance with the fiduciary principle and shall not put himself/herself in a position where his/her duties and interests may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his/her powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, regulations or with the informed consent of shareholders given in shareholders' general meeting, not to delegate the exercise of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with these Articles or with the informed consent of shareholders given in shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;

- (6) without the informed consent of shareholders given in shareholders' general meeting, not to use the Company's property in any form for his/her own benefit;
- (7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in a general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by these Articles, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company or insider information to advance his/her own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in shareholders' general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of any shareholder of the Company or any other person with the assets of the Company; and
- (12) unless with the informed consent of the shareholders given in shareholders' general meeting, to keep in confidence confidential information regarding the Company acquired by him/her in the course of and during his/her term and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to courts or other government authorities is permitted if:
  - (i) disclosure is required by law; or
  - (ii) disclosure is required for public interest; or
  - (iii) the interests of the relevant director, supervisor or senior management require disclosure.

- Article 271 Each director, supervisor or senior management of the Company shall not cause the following persons or institutions (“Associate(s)”) to do what he/she is prohibited from doing:
- (1) the spouse or minor child of that director, supervisor or senior management member;
  - (2) a person acting in the capacity of trustee of that director, supervisor or senior management or any person referred to in paragraph (1) above;
  - (3) a person acting in the capacity of partner of that director, supervisor or senior management or any person referred to in paragraphs (1) and (2) above;
  - (4) a company in which that director, supervisor or senior management, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above, or other directors, supervisors and senior management, have a de facto controlling interest; and
  - (5) the directors, supervisors and senior management of the controlled company referred to in paragraph (4).
- Article 272 The fiduciary duties of the directors, supervisors and senior management of the Company shall not cease upon termination of their terms of office. The duty to keep confidential trade secrets of the Company survives the termination of their terms of office. The continuous period of other duties must be decided according to the principle of fairness, depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.
- Article 273 A director, supervisor or senior management of the Company may be relieved from liability for specific breaches of his duties by the informed consent of the shareholders’ general meeting, unless otherwise provided for in Article 63 herein.
- Article 274 Where a director, supervisor, or senior management of the Company is in any way, directly or indirectly, have a material interest in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, whether or not the relevant matters thereof is otherwise subject to the approval of the board of directors under normal circumstances.

Unless the interested director, supervisor or senior management discloses his/her interests in accordance with the above paragraph and the relevant matter is approved at a meeting of the board of directors in which such interested director, supervisor or senior management is not counted in the quorum and refrains from voting, a contract, transaction or arrangement is voidable by the Company, except against a bona fide party thereto acting without notice of the breach of duty by the relevant director, supervisor or senior management.

A director, supervisor or senior management of the Company is deemed to have an interest in a contract, transaction or arrangement in which an Associate(s) of him/her has an interest.

Article 275

Where a director, supervisor or senior management of the Company gives to the board of directors a general notice in writing stating that, by reason of the facts specified in the notice, he/she has an interest in contracts, transactions and arrangements of any description which may subsequently be made by the Company, such notice shall be deemed to be a sufficient declaration of his/her interest, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 276

The Company shall establish a market-oriented incentive constraint mechanism and performance evaluation standards.

Article 277

The Company shall not pay taxes for its directors, supervisors or senior management by any means.

Article 278

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to any of the directors, supervisors or senior management, or any of their respective Associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee of a loan to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of the directors, supervisors and senior management to meet expenditure incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties, in accordance with the terms of an employment contract approved by shareholders' general meeting; and

- (3) the Company may provide a loan or a guarantee in connection with the provision of a loan to any of the directors, supervisors and senior management or their respective Associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes providing loans and guarantees.

Article 279

A loan made by the Company in breach of the above provisions shall be immediately repaid by the recipient of the loan regardless of the terms of the loan.

A guarantee provided by the Company in breach of clause (1) of the preceding Article shall be unenforceable against the Company, unless:

- (1) at the time when the loan was provided to an Associate of any of the directors, supervisors and senior management of the Company, the lender did not know the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 280

The aforesaid guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 281

If the Company and shareholders suffer any losses due to the failure of a director, supervisor or senior management to comply with laws, regulations, regulatory documents and these Articles, such director, supervisor or senior management shall assume the liability accordingly.

The Company may establish a liability insurance system for directors, supervisors or senior management if necessary, so as to mitigate the risks resulting from proper discharge of their responsibilities.

Article 282

In addition to any rights and remedies provided by the laws and regulations, where a director, supervisor or senior management of the Company is in breach of his/her duties to the Company, the Company has a right to:

- (1) claim damages from the relevant director, supervisor or senior management in compensation for losses incurred by the Company as a result of his/her negligence;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor or senior management or with a third party (where the third party knows or should know that there is a breach of obligation by such director, supervisor or senior management);

- (3) demand a surrender of profits made by the director, supervisor or senior management in breach of his/her duties;
- (4) recover any funds received by the director, supervisor or senior management which should have been received by the Company, including (without limitation) commissions; and
- (5) demand return of the interests earned or may have earned by the director, supervisor or senior management on funds that should have been paid to the Company.

Article 283

With the prior approval at a shareholders' general meeting, the Company shall sign written contracts with its directors and supervisors concerning his/her emoluments. Such emoluments include:

- (1) emoluments in respect of his/her service as a director, supervisor or senior management of the Company;
- (2) emoluments in respect of his/her service as a director, supervisor, or senior management of a subsidiary of the Company;
- (3) emoluments otherwise in connection with the provision of other management services to the Company or its subsidiary; and
- (4) compensation for his/her loss of office or retirement as a director or supervisor.

A director or supervisor shall not file any lawsuit against the Company for the benefits they are entitled to for the foregoing matters other than pursuant to the aforesaid contracts.

Article 284

In the contract for emoluments entered into by the Company with a director or supervisor, it shall be provided that such director or supervisor has the right to receive, in connection with the takeover of the Company and subject to the prior approval of the shareholders' general meeting, compensation or other payments for loss of office or retirement from office. A takeover of the Company means any of the following circumstances:

- (1) an offer is made to all shareholders of the Company; or
- (2) an offer is made such that the offeror will become the controlling shareholder of the Company. The definition of the controlling shareholder has the same meaning as defined in Article 341 herein.

If any director or supervisor does not comply with the above requirements, any sum payable to them shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred for the pro rata distribution of the sum among those persons shall be borne by the relevant director and supervisor and shall not be deducted from the sum distributed.

## **CHAPTER 13 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

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

Article 285                   The Company shall establish its financial and accounting system in accordance with the laws, regulations and the accounting standards formulated by the financial authority of the PRC.

Article 286                   The Company adopts the calendar year as its accounting year, starting on January 1 and ending on December 31 of each calendar year. The Company shall, after completion of each accounting year, prepare its financial report in accordance with the laws, regulations and rules for the audit by an accounting firm in accordance with the laws.

Article 287                   The Company shall not keep any accounting book other than the statutory accounting books. The assets of the Company shall not be maintained under the name of any individual.

Article 288                   The board of directors shall at each annual general meeting submit to shareholders the financial reports prepared by the Company in accordance with the relevant laws, regulations and regulatory documents.

Article 289                   The financial reports of the Company shall be made available at the Company for review by shareholders 20 days before the date of annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports.

Unless otherwise provided in these Articles, the Company shall, at least 21 days before the date of the annual general meeting, deliver by hand or by prepaid post the financial reports and the reports of the board of directors to each holder of the overseas listed foreign shares of the Company at the addresses recorded in the register of members.

Subject to the laws and regulations and the listing rules of the place where the shares of the Company are listed, the financial reports and reports of the board of directors may also be delivered to the shareholders by other means as provided for in these Articles.

Article 290 In addition to the financial statements prepared in accordance with PRC accounting standards and regulations, the Company may also prepare its financial statements according to the international accounting standards or the accounting standards in the place where the shares of the Company are listed. Material differences between the financial statements prepared according to different accounting standards shall be explicitly explained in the notes to the financial statements. The distribution of after-tax profits for any fiscal year shall base on the lower of that in the two financial statements.

Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations and may also be prepared in accordance with either international accounting standards or accounting standards of the place where the shares of the Company are listed.

Article 291 The Company shall publish its financial reports twice in each fiscal year, i.e. the interim financial report within 60 days after the end of the first six months of a fiscal year and the annual financial report within 120 days after the end of a fiscal year.

Any additional requirements of the securities regulatory authorities of the place where the shares of the Company are listed shall also be followed.

Article 292 The after-tax profits of the Company shall be distributed in the following order:

- (1) offsetting the losses in previous years;
- (2) 10% contribution to statutory reserve;
- (3) contribution to general reserves;
- (4) contribution to discretionary reserve;
- (5) distribution of dividends to shareholders.

No further contribution to the statutory reserves is required when the statutory reserve exceeds 50% of the registered capital of the Company. No contribution to statutory reserve shall be made unless the losses of previous years are made good by the profits of the year.

After contributions to statutory reserve and general reserve, the Company may also make contribution to discretionary reserve from after-tax profits if so approved by shareholders at general meeting. Any remaining after-tax profits after the offset of retained losses and contributions to statutory reserve, general reserve and discretionary reserve may be distributed to shareholders in proportion to their respective shareholdings in accordance with the resolution of shareholders' general meeting.

Any distribution of the profits of the Company to any shareholders before offsetting losses or contributing to statutory reserves in violation of this Article shall be returned to the Company.

The shares held by the Company shall not participate in the distribution of dividends.

In the event of misappropriation of capital by shareholders, the Company shall deduct the cash dividends distributable to such shareholders to recover the misappropriated capital.

Article 293

Capital reserve shall include:

- (1) the premium of the issue price of share over its nominal value;
- (2) other incomes of the Company which are required by the financial authority of the State Council to be allocated to the capital reserve.

Article 294

The reserves of the Company shall be used to cover losses, to expand operation or to increase the capital of the Company. The capital reserve of the Company shall not be used to cover losses.

Shares issued through capitalization of reserves pursuant to resolution of shareholders at general meeting shall be distributed to shareholders in proportion to their existing shareholdings. Remaining statutory reserves after capitalization shall be no less than 25% of the existing registered capital.

Article 295

The Company shall appoint receiving agents for holders of overseas listed shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their overseas listed shares.

The receiving agents shall be in compliance with the laws and the requirements of the stock exchanges of the place where the shares of the Company are listed.

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

The Company may forfeit any unclaimed dividends after a period specified for such dividends subject to the relevant laws and regulations of China.

The Company shall deliver dividend warrants to shareholders by mail or through the receiving agents. The Company may stop delivering dividend warrants to any shareholders by mail if no dividend warrants are presented by such shareholders for settlement for two consecutive occasions. The Company may also stop delivering dividend warrants to any shareholders if the first dividend warrant to such shareholders is returned undelivered.

The Company may sell the shares of untraceable holders of overseas listed shares in a way deemed appropriate by the board of directors, provided the following conditions are satisfied:

- (1) the Company has distributed dividends to such shares at least three times within 12 years and no dividends are claimed during the period; and
- (2) the Company publishes announcement in one or more newspapers in the place where the shares of the Company are listed after the expiration of the 12-year period, stating its intention to sell the shares, and informs the stock exchange on which the shares of the Company are listed.

#### Article 296

The Company may distribute annual and interim dividends in cash or in specie. The distribution of dividends shall provide reasonable returns to shareholders. The dividend policy of the Company shall be sustainable and steady.

Shares with capital paid up on or before the payment date specified by the Company (“Payment Date”) shall be entitled to distribution of dividends declared after the Payment Date. However, shareholders shall not be entitled to dividends declared before the Payment Date even if they have paid up the capital on or before the Payment Date.

## **Section 2 Internal Audit**

#### Article 297

The Company shall establish an internal audit system and have full-time audit professionals to conduct independent supervision, assessment and provide advice on the incomes and expenses, business activities, risk management and internal control of the Company, and provide advice on major issues of corporate governance to the board of directors or the audit committee of the board of directors.

The board of directors of the Company shall consider and approve internal audit Articles, medium-to-long term audit plan, annual working plan and audit budget, the establishment of audit department, remuneration of staff and the appointment and removal of major officers of the audit department. The officer in charge of the audit department shall be appointed or removed by the board of directors and shall report to the board of directors.

Article 298

The senior management of the Company shall ensure and facilitate the implementation of the internal audit system and performance of duties by the internal audit personnel of the Company, and shall promptly provide the internal audit department with materials and information in relation to the financial position, risk exposure and internal control of the Company for internal audit, and shall not hinder or impede the internal audit department from conducting its duties.

## **CHAPTER 14 APPOINTMENT OF AN ACCOUNTING FIRM**

Article 299

The Company shall appoint an independent accounting firm which is qualified under relevant regulations of the PRC to audit the annual financial reports and other reports of the Company.

The term of office of the accounting firm appointed by the Company shall commence from the conclusion of the annual general meeting at which the appointment is made and shall end at the conclusion of the next annual general meeting.

Article 300

The Company shall provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

Article 301

The Board shall fill any casual vacancy in the office of the accounting firm before the convening of shareholders' general meeting subject to the approval of the following annual general meeting. If the Company has other serving accounting firms, such accounting firm shall continue to perform its duties as long as the vacancy remains unfilled.

Article 302

The remuneration or the basis of remuneration of an accounting firm shall be determined by shareholders' general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.

- Article 303 An accounting firm appointed by the Company shall have the following rights:
- (1) to inspect the accounting books, records and documents of the Company at any time, and to request the directors and senior management members of the Company to provide relevant information and explanation;
  - (2) to request the Company to adopt all reasonable measures to obtain from its subsidiaries such information and explanation as required by the accounting firm for performing its duties; and
  - (3) to attend the shareholders' general meeting, and to obtain the notice of the meeting or other information regarding the meeting, and to explain any matters related to it as the accounting firm engaged by the Company at the shareholders' general meeting.

Article 304 Notwithstanding the terms of contract between an accounting firm and the Company, the shareholders' general meeting may dismiss that firm by ordinary resolution before the expiration of term of office of the accounting firm. The dismissal shall not limit the rights of the accounting firm to claim for compensation.

Article 305 The appointment, dismissal and non-reappointment of an accounting firm by the Company shall be resolved at shareholders' general meeting and shall be filed with the relevant securities regulatory authorities of the State Council.

The shareholders' general meeting shall abide by the following provisions when proposing to pass a resolution regarding the appointment of an accounting firm not currently serving the Company to fill the vacancy of an accounting firm, or the renewal of terms of service of an accounting firm appointed by the board of directors to fill a vacancy, or the dismissal of an accounting firm before the expiry of its term:

- (1) the proposal of appointment or dismissal shall be sent to the accounting firm to be appointed, to be or has been terminated prior to the issue of notice of shareholders' general meeting.

The termination of an accounting firm includes dismissal, resignation and retirement.

- (2) if the accounting firm being terminated requires the Company to forward its written statement of shareholders, the Company shall take the following measures unless the written statement is not received in time:
  - (i) to state on the notice issued for adoption of the resolution that an accounting firm about to leave its post has made a statement; and
  - (ii) to deliver a copy of the statement to shareholders as an appendix to the notice to of meeting in accordance with these Articles.
- (3) if the statement of the accounting firm is not delivered in accordance with paragraph (2) above, the relevant accounting firm may request such statement to be read at the shareholders' general meeting and may make further appeals.
- (4) the accounting firm leaving its post shall be entitled to attend the following meetings:
  - (i) the shareholders' general meeting at which its term of service would otherwise have expired;
  - (ii) the shareholders' general meeting for filling the vacancy caused by its dismissal; and
  - (iii) the shareholders' general meeting convened as a result of its voluntary resignation.

The accounting firm leaving its post shall be entitled to receive all notices of the aforementioned meetings and other information relating to such meetings and shall also be entitled to present its views at the meetings on matters in relation to its previous engagement as the accounting firm of the Company.

The Company shall notify the accounting firm in advance before the dismissal or non-reappointment of such accounting firm. The accounting firm shall be allowed to present its view at the shareholders' general meeting at which the dismissal is considered. Where the accounting firm resigns, it shall be requested by the Company to explain to the shareholders' general meeting whether there is any impropriety on the part of the Company.

Any accounting firm may resign its office by depositing at the legal residence of the Company a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

- (1) a statement to the effect that there are no circumstances in relation to its resignation which should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any relevant situations which needs to be brought to the notice.

The Company shall send a copy of the notice to the relevant authorities of the State within 14 days upon receipt of the written notice.

If the notice contains a statement under sub-paragraph (2) above, a copy of such statement shall be placed at the Company for shareholders' inspection. The copy of such statement shall also be sent by prepaid mail to holder of the overseas listed shares of the Company at the address as recorded in the register of member.

Where the accounting firm's notice of resignation contains a statement of any circumstances which should be brought to the notice of the shareholders of the Company, the accounting firm may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **CHAPTER 15 INFORMATION DISCLOSURE**

- Article 306                      The board of directors shall establish an information disclosure system in accordance with laws, regulations, departmental rules and these Articles and shall manage the information disclosure of the Company.
- Article 307                      The Company shall duly disclose information by following the principles of truthfulness, accuracy, completeness, comparability and timeliness.
- Article 308                      Internal and external insiders of the Company shall be obliged to keep undisclosed information confidential.
- Article 309                      The board of directors shall ensure the truthfulness, accuracy and completeness of the disclosed information and shall be liable for relevant legal obligations.

## CHAPTER 16 EMPLOYMENT SYSTEM

- Article 310                   The Company shall comply with the provisions of the laws, regulations, rules and other regulatory documents on various aspects of social security such as labour and employment, labour protection and social insurance, and shall be obliged to respect and protect the legitimate rights and interests of the staff of the Company.
- The Company shall establish a market-oriented and regulated human resources management system.
- Article 311                   In accordance with the relevant provisions of the PRC government, the Company shall have the right to decide, on its own, its staff recruitment terms, the number of recruits, the timing of recruitment, the forms of recruitment and the forms of employment.
- Article 312                   The Company adopts a labour contract system for all staff, management personnel and technicians according to its operation and management needs.
- The Company shall adopt a staff remuneration system with satisfactory incentives and effective restrictions, and continuously improve the overall remuneration and welfare levels of the staff in tandem with management and efficiency enhancement and in line with the profit growth of the Company.
- The Company shall adopt a scientific, reasonable, and comprehensive training system, integrate training with the career of the staff, and promote the growth of both the Company and the staff.
- Article 313                   The Company shall formulate specific rules and regulations on staff awards and punishment, award staff members who have made outstanding contribution, and punish or dismiss those who are in breach of discipline.
- Article 314                   Any labour disputes which arise between the Company and the staff shall be handled in accordance with the provisions of the relevant laws, regulations and the relevant provisions of the Company on labour dispute settlement.

## **CHAPTER 17 MERGER, DIVISION, BANKRUPTCY, DISSOLUTION AND LIQUIDATION**

- Article 315                   The Company may undertake merger or division in accordance with the laws. Any division and merger of the Company shall be in compliance with the requirements of laws and regulations, including the Company Law.
- Article 316                   The merger of the Company may take the form of absorption or the establishment of a new company.
- Article 317                   Where the Company undertakes the merger or division, it shall be proposed by the board of directors and adopted by the shareholders' general meeting through procedures stipulated in these Articles and go through relevant examination and approval procedures in accordance with the laws. Shareholders who object to the proposal of merger or division are entitled to request the Company or shareholders who agree to the proposal of merger and division to purchase their shares at a fair and reasonable price. The content of resolutions regarding merger or division of the Company shall be prepared as a special document for inspection by shareholders. The aforesaid documents shall be dispatched by mail to holders of overseas listed shares. Subject to the laws, regulations and listing rules of the place where the Company's shares are listed, the aforesaid documents may also be provided to shareholders by other means specified by these Articles.
- Article 318                   Where the Company undertakes a merger, the relevant parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date on which the resolution is passed regarding the merger and shall publish an announcement in a newspaper at least three times within 30 days. The creditors are entitled to require the Company to repay the debts or provide corresponding guarantees within 30 days after the receipt of such notices or within 45 days if no such notice is received.
- Article 319                   In the event of a merger of the Company, the rights and obligations of the debts of the parties to the merger shall be assumed by the Company surviving the merger or the new company established after the merger.
- Article 320                   Where the Company is divided, its property shall be divided correspondingly.

Where the Company is divided, the parties to the division shall enter into a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date the resolution is passed regarding the division and publish an announcement in a newspaper within 30 days thrice.

Article 321

The Company established after the division shall assume joint and several liability for the debts incurred by the Company before the division, unless otherwise stipulated in any written agreement on the settlement of debts entered into by the Company and its creditors prior to the division.

Article 322

The Company shall, in accordance with law, apply for change in its registration with the Company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

Where the Company increases or decreases its registered capital, procedures for alteration of registration shall be handled at the Company registration authority in accordance with law.

Article 323

In any of the following circumstances, the Company shall be dissolved and carry out liquidation in accordance with the laws:

- (1) dissolution as resolved by a shareholders' general meeting;
- (2) dissolution as a result of merger or division of the Company;
- (3) its business license is revoked or it is ordered to close down its business or its business license is cancelled in accordance with the laws;
- (4) declaration of bankruptcy in accordance with the laws due to its failure to repay debts due; or
- (5) where the Company suffers significant hardship in its operation or management so that the interests of its shareholders are subject to significant loss if the Company continues to exist, and that the situation cannot be resolved by any other means, the shareholders holding 10% or more of the voting rights of all the shareholders of the Company may petition the people's court to dissolve the Company.

#### Article 324

Where the Company is dissolved in accordance with item (1) or (5) of the preceding article, a liquidation committee shall be formed according to the laws within 15 days after obtaining the approval of the banking regulatory authority of the State Council. The members of the liquidation committee shall be determined by way of ordinary resolution at shareholders' general meeting.

Where the Company is dissolved in accordance with item (3) of the preceding article, the banking regulatory authority of the State Council shall set up a liquidation committee consisting of shareholders, relevant institutions and relevant professionals to carry out the liquidation.

Where the Company is dissolved in accordance with item (4) of the preceding article, the people's court shall set up a liquidation committee consisting of shareholders, relevant institutions and relevant professionals according to the laws to carry out the liquidation.

#### Article 325

Where the board of directors decides to liquidate the Company (due to causes other than where the Company has declared that it is insolvent), the board of directors shall, in its notice convening a shareholders' general meeting, declare that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to repay its debts within 12 months after the commencement of the liquidation.

Upon passing of the resolution at the shareholders' general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease forthwith. The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and report at least once a year to the shareholders' general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and present a final report before the shareholders' general meeting on completion of the liquidation.

#### Article 326

The liquidation committee shall exercise the following functions and powers during the liquidation:

- (1) to sort out the property of the Company and prepare a balance sheet and an inventory of assets respectively;
- (2) to give notices or publish announcements to the creditors;
- (3) to deal with and liquidate any unsettled business of the Company;
- (4) to settle due taxes and taxes accrued during the liquidation;

- (5) to settle claims and debts;
- (6) to deal with the remaining assets of the Company after the Company's debts have been repaid; and
- (7) to participate in civil litigations on behalf of the Company.

#### Article 327

The liquidation committee shall give notices to the creditors within 10 days after its establishment and issue announcements for at least three times in the newspaper within 60 days after its establishment. The creditors shall report claims to the liquidation committee within 30 days after the date of the receipt of such notices or within 45 days after the date of the first announcement if no notice is received.

When reporting claims, a creditor shall explain the relevant particulars of the claims and provide supporting materials. The liquidation team shall register the claims.

In the period of reporting claims, the liquidation committee should not make any debt repayment to the creditors.

#### Article 328

After the liquidation committee has sorted out the property of the Company and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation scheme and report it to the shareholders' general meeting, the people's court or the relevant authorities of the State for confirmation.

The remaining property of the Company shall be distributed to the shareholders in proportion of shares held by each of the shareholder after payments have been made of the liquidation fees, salaries of the employees, social security expenses and statutory compensation, taxes and debts of the Company.

During the liquidation, the Company remains in existence but shall not carry out any operating activity which does not relate to the liquidation. The property of the Company shall not be distributed to the shareholders before the debts are settled pursuant to the preceding paragraph.

#### Article 329

After the liquidation committee has sorted out the property of the Company and prepared a balance sheet and an inventory of assets, in the event that the property of the Company is insufficient to repay the debts, the liquidation committee shall apply to the people's court for declaration of bankruptcy.

After the people's court declares bankruptcy of the Company, the liquidation committee shall hand over the liquidation matters to the people's court.

Article 330 After the completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of receipts and payments and the financial accounts for the liquidation period for the approval by the shareholders' general meeting or relevant competent regulatory authority. The liquidation committee shall, within 30 days after the confirmation of the shareholders' general meeting or competent regulatory authority, submit the aforesaid documents to the company registration authority, apply to deregister the Company and publish an announcement on the dissolution of the Company.

Article 331 Members of the liquidation committee shall be dedicated to their duties and carry out the liquidation work in accordance with the laws.

Members of the liquidation committee shall not abuse their powers to receive bribes or other illegal income and shall not misappropriate the property of the Company.

Any member of the liquidation committee shall be liable for any loss caused to the Company or creditors due to his intentional misconduct or gross negligence.

Article 332 Where the Company is declared bankrupt according to the laws, the liquidation shall be carried out in accordance with relevant laws on corporate bankruptcy.

## **CHAPTER 18 NOTICE AND ANNOUNCEMENT**

Article 333 Notices as described in these Articles shall be given in the followings ways:

- (1) by hand;
- (2) by registered mail;
- (3) by facsimile or e-mail;
- (4) by way of announcement made on newspapers or other designated media;
- (5) subject to the laws, regulations, regulatory documents and relevant rules of the securities regulatory authorities of the place where the Company's shares are listed, by posting on the website designated by the Company and the foregoing regulatory authority;

- (6) such ways as the Company and the notified party agreed in advance or any other way which is recognized by the notified party upon receipt of the notice; and
- (7) other ways which are recognized by the securities regulatory authorities of the place where the shares of the Company are listed or stipulated in these Articles.

Notwithstanding any provisions in these Articles on the forms in which any document, notice or other communication is to be released or given, subject to relevant rules of the securities regulatory authorities of the place where the shares of the Company are listed, the Company may elect to release corporate communications in the way stipulated in item (5) of clause 1 of this Article as a substitute for a written document delivered by hand or by prepaid mail to every holder of overseas listed shares. The foregoing corporate communication refers to any document sent or to be sent by the Company for its shareholders' reference or actions, including but not limited to annual report (including annual financial report), interim report (including interim financial report), report of the board of directors (including balance sheet and income statement), notice of the shareholders' general meeting, circular and other communication documents.

#### Article 334

Where the securities regulatory authorities of the place where the shares of the Company are listed requests that the Company to deliver, mail, distribute, issue, publish or by any other means to provide relevant documents of the Company in both English and Chinese, if the Company has made appropriate arrangements to determine whether its shareholders desire to receive the English version or the Chinese version only, and to the extent permitted by and in accordance with applicable laws, regulations and regulatory documents, the Company may, according to the preference expressed by its shareholders, deliver only the English version or Chinese version to the shareholders.

#### Article 335

If the notice is sent out by courier and the served party signs (or seals) on the service receipt, the date when the served party acknowledges the receipt of the notice shall be the date of service. If the notice is sent out by mail, the 48th hour after the date when the notice is delivered to the post office shall fall within the date of service. If the notice is sent out by facsimile, electronic mail or posted on the website, the date of sending out or posting shall be the date of service. If the notice is sent out as an announcement, the date of the publication of the announcement for the first time shall be the date of service.

## **CHAPTER 19 ALTERATIONS TO THE ARTICLES OF ASSOCIATION**

Article 336 The Company may amend these Articles where necessary. Amendments to these Articles shall not be in conflict with laws and regulations.

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

- (1) any terms contained in these Articles becoming inconsistent with the provisions of the amended Company Law and other relevant laws and regulations from time to time;
- (2) changes of the Company resulting in the non-compliance with these Articles;
- (3) a resolution being passed by the shareholders' general meeting to amend these Articles.

Article 338 Any amendments to these Articles which are subject to approval by relevant authorities shall be filed to the relevant authorities for approval. Where an amendment to these Articles shall be subject to registration, the Company shall register such amendments in accordance with the laws.

Article 339 The board of directors shall amend these Articles in accordance with the resolution and authorization in relation to the amendments to these Articles passed at a shareholders' general meeting and the opinion given by the relevant authorities and shall register the amendments with the competent authority.

## **CHAPTER 20 SETTLEMENT OF DISPUTES**

Article 340 The Company follows the following rules for settlement of disputes:

- (1) Any dispute or claim of rights relating to the affairs of the Company and arising between holders of overseas listed shares and the Company, or between holders of overseas listed shares and directors, supervisors or senior management members of the Company, or between holders of overseas listed shares and holders of domestic shares, and arising as a result of the rights and obligations provided for in these Articles, the Company Law and other applicable laws, administrative regulations, shall be referred to arbitration by the parties involved.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, where the persons being the Company or shareholders, directors, supervisors or senior management members of the Company, shall comply with the arbitration.

Disputes in respect of the definition of shareholders and in relation to the register of members need not be resolved by arbitration.

- (2) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (3) The resolution of any dispute or claim of rights referred to in term (1) above by arbitration is subject to the PRC laws, unless otherwise required by the laws and administrative regulations.
- (4) An arbitral award made by the arbitral body is final and binding on all parties.

## **CHAPTER 21 MISCELLANEOUS**

### Article 341

#### Definitions

- (1) “Controlling shareholders” shall be any person who meets any of the following conditions:
  - (i) a person who when acting alone or in concert with others may elect not less than half of the directors;
  - (ii) a person who when acting alone or in concert with others may exercise 30% or above of the voting right or may control the exercise of 30% or above of the voting right;

- (iii) a person who when acting alone or in concert with others holds 30% or above of the issued shares of the Company; and
- (iv) a person who when acting alone or in concert with others is in de facto control of the Company.

The above phrase “acting in concert” means two or more persons who, by way of agreement (whether verbal or in writing), cooperation or related party relationship or other legal ways, enlarge the proportion of the shares in the Company which are under their control or consolidate their control over the Company, so that when a vote is taken, the same expression of opinions will be made (including joint proposal of motions, joint nomination of directors, entrustment of the exercise of voting right attached to shares without giving instruction on how to vote, provided that open proxy solicitation is to be excluded).

- (2) A “De facto controller” means a person who, though not a shareholder of the Company, is entitled to the de facto control of the Company through investment relationships, agreement or other arrangements.
- (3) Substantial shareholders mean those who hold or control 5% or more shares or voting rights of the Company, or hold less than 5% of its total capital or total shares but have significant influence on the operation and management of the Company. The “significant influence” mentioned above refers to the influence on the Company’s decision-making of finance, operation and management by circumstances including but not limited to the assignment of directors, supervisors or senior management members to the Company through an agreement or by other means, and other circumstances affirmed by the banking regulatory authority under the State Council.
- (4) A “Connected relationship” means the relationship between the controlling shareholders, de facto controllers, directors, supervisors, senior management members of the Company and the enterprises under their direct or indirect control, and other relationships which may result in transfer of interests of the Company, provided however that related party relationships shall not be considered to be in existence between state-controlled enterprises solely because they are under the common control of the PRC government.

- (5) The specific criteria for the word “major” as used in the expressions “major investment and disposal of equity interests, investment and disposal of debentures, financing, pledges and guarantee of assets, purchases and disposal of fixed assets, disposal of debt equity swap assets, write-off of assets, external donation” and “major decisions of legal corporations” shall be determined by specific authority granted by the shareholders’ general meeting to the board of directors and by the board of directors to the president.
- (6) For purposes of these Articles, an “accounting firm” has the same meaning as an “auditor” and “connected” has the same meaning as “related” as defined in the Hong Kong Listing Rules.
- (7) Reference to any article stated herein shall mean the corresponding article of these Articles unless the context otherwise requires.

Article 342

Unless otherwise requires herein and subject to any discrepancies, for the purpose of these Articles, the terms “or more”, “within”, “at least” and “prior to” shall include the given figure; “over”, “less than”, “not more than”, “below” and “more than half” shall exclude the given figure.

Article 343

These Articles have been prepared in Chinese. If there is any discrepancy between the articles written in another language or of a version different from that of these Articles, the most recent Chinese version approved by the banking regulatory authority of the State Council and registered with the State Administration for Industry & Commerce of the PRC shall prevail.

These Articles shall be publicly available on the website of the securities regulatory authorities of the place where the shares of the Company are listed and the website of the Company.

Article 344

In case of any contradiction of these Articles with any laws, regulations, normative documents and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, those laws, regulations, normative documents and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed shall prevail.

Article 345

Unless otherwise provided by relevant laws, regulations, rules and normative documents, the power of interpretation of these Articles shall be vested to the board of directors.