

*The original version of the Articles of Association of the Company is in Chinese, and the English version of the Articles of Association is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.*



**China Cinda Asset Management Co., Ltd.**

**中國信達資產管理股份有限公司**

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

**Articles of Association**

**of**

**China Cinda Asset Management Co., Ltd.**

**December 24, 2025**

## **Revision Record**

Adopted at the inauguration and the first shareholders' general meeting of China Cinda Asset Management Co., Ltd. on June 28, 2010, and approved by China Banking Regulatory Commission on June 28, 2010;

Amended by the first extraordinary general meeting of 2012 of the Company on January 16, 2012 and approved by China Banking Regulatory Commission on March 30, 2012;

Amended by the second extraordinary general meeting of 2013 of the Company on August 5, 2013 and approved by China Banking Regulatory Commission on August 11, 2013 and March 20, 2014;

Amended by the annual general meeting of 2015 of the Company on June 30, 2016, and approved by China Banking Regulatory Commission on July 25, 2016;

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Amended by the annual general meeting of 2019 of the Company on June 30, 2020 and approved by China Banking and Insurance Regulatory Commission on October 27, 2020;

Amended by the fourth extraordinary general meeting of 2022 of the Company on October 27, 2022 and approved by China Banking and Insurance Regulatory Commission on January 17, 2023;

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** The Articles of Association (hereinafter referred to as the “Articles”) is formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Regulations on Financial Assets Management Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant laws, regulations and regulatory documents, for the purpose of protecting the legitimate rights and interests of China Cinda Asset Management Co., Ltd. (herein after referred to as the “Company”), its shareholders, employees and creditors, and regulating the organization and activities of the Company.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law and other applicable laws and regulations.

Under the consent of the State Council of the People’s Republic of China (hereinafter referred to as the “State Council”) and upon approval by China Banking Regulatory Commission, China Cinda Asset Management Corporation has been reorganized and reformed as a joint stock company named China Cinda Asset Management Co., Ltd. The sole promoter of the Company is the Ministry of Finance of the People’s Republic of China (hereinafter referred to as the “MOF”). The Company inherited all the assets, liabilities, institutions, business, personnel and relevant policies of China Cinda Asset Management Corporation, and has undertaken registration with the State Administration for Industry and Commerce and obtained a business license on June 29, 2010. The Company currently holds the business license bearing the unified social credit code of 91110000710924945A.

**Article 3** Registered name of the Company: 中國信達資產管理股份有限公司; or 中國信達 for short; full English name: China Cinda Asset Management Co., Ltd.; or China Cinda for short.

**Article 4** Domicile of the Company: No. 1 Building, 9 Naoshikou Street, Xicheng District, Beijing 100031, PRC.

Telephone: 86-10-63080000

Fax: 86-10-83329210

**Article 5** The Company is a joint stock limited company in perpetual existence.

**Article 6** The legal representative of the Company shall be the chairman of the board of directors.

In the event of resignation as the chairman of the board of directors, he/she is also deemed to be resigning as the legal representative.

**Article 7** The Articles shall be passed at the shareholders' meeting by resolution and approved by the banking regulatory authority of the State Council before becoming effective. The original articles of association shall automatically expire upon the effective date of the Articles. The 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 8** The respective liability of the shareholders shall be limited to the shares held by them. The Company shall be held liable for its debts with all of its assets.

**Article 9** The Company may, in line with its business development needs, and upon the decision of its internal 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 requirements of the Articles. The Company may invest in other enterprises in accordance with the relevant laws, and if it is prescribed by any law that the Company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

**Article 10** The senior management members referred to in the Articles shall mean the president, vice president, assistant president, board secretary and other management officers determined by regulatory requirements and appointed by the board of directors. The qualifications of senior management members shall be in compliance with the applicable laws, regulations, regulatory documents and the Articles.

**Article 11** In accordance with the relevant regulations of the Constitution of the Communist Party of China and the Company Law of China, organizations of the Communist Party of China (the "Party") shall be established to carry out activities of the Party; the Party Committee shall play the leadership role, providing direction, managing the overall situation and ensuring implementation. 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, so as to provide necessary conditions for the activities of the Party organizations.

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

**Article 12** The mission of the Company is to provide excellent services to customers, maximize returns to shareholders, promote career development of employees, solve the financial risk for the PRC and fulfill social responsibility.

The Company adheres to a people-centered value orientation, consistently upholding the fundamental purpose of serving the real economy by financial sector. It is committed to establishing a modern financial enterprise system with Chinese characteristics, actively cultivating and upholding the financial culture with Chinese characteristics, and resolutely pursuing a path of financial development that reflects Chinese characteristics. The Company continuously enhances its quality and effectiveness in mitigating financial and economic risks for financial sector and the real economy.

The Company establishes a vision of high-quality development, promotes an honest and trustworthy, pioneering and innovative corporate culture, forms a business principal of prudence and compliance, and abides by the fair, safe and orderly industry competition order.

The Company pursues the development philosophy of innovation, coordination, greenness, openness and sharing, pays attention to environmental protection, proactively fulfills its social responsibilities, maintains a sound social reputation, and creates harmonious social relations.

**Article 13** The business scope of the Company includes: management, investment and disposal of distressed assets of financial and non-financial institutions through acquisition and entrusting; management, investment and disposal of asset of debt-equity swap; receivership services; external investments; securities dealing; issue of financial debentures, inter-bank lending and borrowing, and providing commercial financing to other financial institutions; approved asset securitization and custody and liquidation of financial institutions; insurance agency; financial, investment, legal and risk management consultation and advisory; asset and project assessment; and other businesses approved by the banking regulatory authority of the State Council.

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

### **Section 1 Issue of Shares**

**Article 14** The Company shall have ordinary shares at all times. The Company may create preference shares or other shares that meet the requirements prescribed by laws and regulations if necessary, upon registration or completion of the relevant procedures with the securities regulatory authorities of the State Council or departments authorized by the State Council.

In the Articles, “preference shares” refer to another class of shares governed separately under the Company Law as compared to the ordinary shares governed by the general provisions. Holders of preference shares shall participate in the distribution of profits and residual assets of the Company in priority to ordinary shareholders, but their rights in respect of participating in decision making and management of the Company (such as voting rights) are restricted.

Unless otherwise specified, references in Chapters 3 to 19 and 21 of the Articles to “share(s)” and “share certificate(s)” shall refer to ordinary share(s) and ordinary share certificate(s) and references to “shareholder(s)” in Chapters 3 to 19 and 21 of the Articles shall refer to ordinary shareholder(s).

**Article 15** All shares issued by the Company shall take the form of stocks with par value, which shall be RMB1 for each share.

**Article 16** 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*.

**Article 17** The Company may issue shares to investors within the People’s Republic of China and to investors outside the People’s Republic of China upon registration or fulfilment of the relevant procedures with the relevant authorities of the State.

For the purposes of the preceding paragraph, “investors outside the People’s Republic of China” 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 People’s Republic of China” shall refer to investors within the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 18** The shares issued by the Company for the subscription of investors within the People’s Republic of China in Renminbi shall be referred to as “domestic shares”. The shares issued by the Company for the subscription of investors outside the People’s Republic of China in a foreign currency shall be referred to as “foreign shares”. Shares issued with the completion of relevant procedures with the securities regulatory authorities of the State Council or 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 19** Upon approval by the examining and approving authorities authorized by the State Council, the total number of ordinary shares that may be issued by the Company shall be 38,164,535,147. The number of shares issued to the MOF, the promoter, when the Company was reorganized and reformed as a joint stock company was 25,155,096,932, representing 65.91% of the total number of ordinary shares that may be issued by the Company. The capital contribution of the MOF, the promoter, was made by way of the assessed net asset value of China Cinda Asset Management Corporation as at 30 June 2009, in the amount of RMB25,155,096,932 and amounted to 25,155,096,932 shares.

**Article 20** The Company issued 6,116,666,000 overseas listed shares in the course of its initial public offering and listing of shares; On December 29, 2016, the Company issued 1,907,845,112 overseas listed shares non-publicly.

As of September 4, 2025, the Company's equity structure for ordinary shares is as follows: Central Huijin Investment Ltd. holds 22,137,239,084 shares of the Company's domestic shares, accounting for 58.005% of the total number of ordinary shares issuable by the Company; the National Council for Social Security Fund holds 2,459,693,232 shares of the Company's domestic shares, accounting for 6.445% of the total number of ordinary shares issuable by the Company; overseas listed shares total 13,567,602,831 shares, accounting for 35.550% of the total number of ordinary shares issuable 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.

As of June 30, 2025, the total number of preference shares issued by the Company is 85,000,000 shares.

**Article 21** Subject to registration or fulfilment of the relevant procedures with the securities regulatory authorities of the State Council or the departments authorized by the State Council, holders of domestic shares may arrange for the listing and trading of its shares as a promoter on stock exchange outside PRC. Such 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 meeting of class shareholders is required for the listing and trading of such shares on stock exchange outside the PRC.

**Article 22** The registered capital of the Company is RMB38,164,535,147.



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

**Article 23** Upon the demands of operation and business development and in accordance with relevant laws and regulations and the Articles, the Company may, subject to resolutions of the shareholders' meeting and approval from the relevant authorities of the State, increase its registered capital in the following ways:

- (1) offer of new shares to non-specific objects;
- (2) offer of new shares to specific objects;
- (3) bonus issue to existing shareholders;
- (4) capitalization of capital reserve; and
- (5) other methods permitted by laws, administrative regulations and the relevant authorities of the State.

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

If the issue of convertible bonds by the Company may result in the increase in its registered capital, the convertible bonds shall be issued in accordance with the relevant laws, administrative regulations, regulatory documents and the offering document in relation to the issue.

**Article 24** The Company may reduce its registered capital in accordance with the PRC Company Law and other applicable laws, administrative regulations, regulatory documents and the Articles pursuant to the approval at the shareholders' meeting.

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

**Article 25** The Company shall 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 at the shareholders' meeting and shall publish an announcement of the resolution in a newspaper or the National Enterprise Credit Information Publicity System within 30 days from the said date. Creditors shall, within 30 days of receiving the written notice or within 45 days since the date of the 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 26** The Company may repurchase its shares in the following circumstances in accordance with the laws, regulations and provisions of the 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) utilising the shares for employee shareholding plan or share incentive scheme;
- (4) being requested to repurchase the shares of the Company by the shareholders who object to the resolutions adopted at the shareholders' meeting concerning merger or division of the Company; or
- (5) utilising shares for conversion of convertible corporate bonds issued by the Company;
- (6) as necessary for maintenance of the Company's value and shareholders' rights and interests;
- (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 items (1) or (2) above, it shall obtain approval from shareholders' meeting. Where the Company repurchases its shares under the circumstances stipulated by items (3), (5) or (6) above, it shall be subject to a board resolution which more than two-thirds of the directors attend the meeting in accordance with the provisions of the Articles or the authorization of the shareholders' meeting.

Where the Company repurchases its shares under item (1), it shall cancel the shares within 10 days from the date of repurchase. Where the Company repurchases its shares under items (2) and (4), the Company shall transfer or cancel the shares within six months; where the Company repurchases its shares under the circumstances in items (3), (5) or (6), the aggregate shareholding of the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

After repurchasing the Company's shares, the Company shall perform information disclosure obligation in accordance with the relevant provisions of the Securities Law and the Hong Kong Listing Rules.

**Article 27** The Company may repurchase its shares in accordance with the laws in any of the following ways after being approved by the relevant authorities of the State:

- (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 of the State.

Where the Company repurchases its shares under the circumstances stipulated by items (3), (5) or (6) of the first clause of Article 27 of the Articles, the repurchase shall be conducted in a public and centralized manner.

**Article 28** Where the Company repurchases its shares by an off-market agreement, the prior approval of shareholders' meeting shall be obtained in accordance with the Articles. The Company may terminate or amend the contracts entered into in the aforementioned ways or waive its rights under a contract entered into in the aforementioned ways.

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 the rights under a contract to repurchase its shares.

**Article 29** Upon repurchase of shares according to the laws, such portion of shares shall be transferred or cancelled within the prescribed period according to the laws and regulations. The aggregate par value of the shares being cancelled shall be deducted from the Company's registered capital, and the Company shall file an application for the registration of a change of its registered capital with the original company registration authority.

Where laws, regulations, regulatory documents, or the securities regulatory authorities of the place where the Company's shares are listed stipulate otherwise regarding matters related to share repurchases, such provisions shall prevail.

**Article 30** 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 new share issue 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 new share issue 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 new share issue for the purpose of repurchasing the existing shares, provided that the amount deducted from the proceeds from the new share issue shall neither exceed the aggregate premium from the issue 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, those requirements shall be followed.

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

**Article 31** Unless otherwise provided by laws, regulations, 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 (only for ordinary shares), the transferor shall carry out registration at the share registrar entrusted by the Company in Hong Kong.

**Article 32** All the fully paid-up overseas listed and foreign invested shares that are listed in Hong Kong can be freely transferred in accordance with the Articles. 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) any transfer documents and other documents which are relevant to or which would affect the ownership of the shares shall be registered with a registration fee payable 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");
- (2) such transfer documents only relate to overseas listed foreign invested 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 two months from the date of application for the transfer.

All transfer of foreign investment shares 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 and/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 the laws of Hong Kong) (the “recognized clearing house”), or any of its agents, the transfer form may be signed manually or mechanically printed.

**Article 33** 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 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 as determined at the time of their assumption of office. 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 their resignation from their positions with the Company.

**Article 34** The Company shall not accept any pledge of its shares as the objectives.

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

**Article 35** The Company shall not provide gifts, loans, guarantees or other financial assistance for others to obtain shares of the Company or its parent company, unless the Company implements an employee stock ownership plan.

**Article 36** For the benefit of the Company, upon resolution of the shareholders’ meeting, or the board of directors making a resolution in accordance with the Articles or the authorization of the shareholders’ meeting, the Company may provide financial assistance to others to acquire shares of the Company or its parent company, but the cumulative total of financial assistance shall not exceed ten percent of the total issued share capital. Resolutions made by the board of directors must be approved by more than two-thirds of all directors.

**Article 37** If a violation of the provisions of Article 35 and Article 36 hereof causes losses to the Company, the responsible directors and senior management members shall bear liability for compensation.

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

**Article 38** Share certificates of the Company shall be in registered form.

Share certificates of the Company 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) stock code; 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 39** 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 40** The Company shall maintain a register of members, and include the followings:

- (1) the name, address (domicile) of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) if shares are issued in paper form, the serial numbers of the share certificate; and
- (4) the date when each shareholder acquires shares.

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

**Article 41** 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 (only for ordinary shares) shall be maintained in Hong Kong.

The Company shall maintain a copy of the register of members of overseas listed shares in the premises 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 42** 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), (3) and (4) of this Article;
- (2) the register of holders of overseas listed shares (only for ordinary 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;
- (4) the register of holders of preference shares maintained in other places as the board of directors may consider necessary for the purpose of the listing of the Company's preference shares.

**Article 43** 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 44** If the laws, administrative regulations, departmental rules, other regulatory documents and the securities regulatory authorities of the place where the shares of the Company are listed have other requirements on the period of closure of the register of share transfer prior to the convening of the shareholders' meeting or prior to the date for the determination of the basis of dividend distributions, such requirements shall be followed.

**Article 45** Whenever the Company convenes a shareholders' meeting, distributes dividends, liquidates or engages in other acts requiring the confirmation of shareholding, a date shall be determined by the board of directors or the convener of the shareholders' meeting as the record date for the registration of shareholdings, and upon the expiry of which, those members whose names appear in the register of members shall be the shareholders of the Company entitled to participate in the aforesaid matters.

**Article 46** 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, he/she/it may apply to the court of jurisdiction to amend the register of members.

**Article 47** 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 lost or destroyed his/her/its share certificate and applies for replacement 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 replacement 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 replacement, the issuance of a replacement 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 replacement 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 replacement of the share certificate has been received by the Company, a new share certificate may be issued pursuant to the applicant's application.
- (6) When the Company issue new share certificate pursuant to this Article, the original share certificate shall be cancelled immediately, and such cancellation and replacement shall be registered in the register of members.
- (7) All costs for the cancellation of the original share certificate and the issuance 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 48** After the issuance of a new share certificate by the Company pursuant to the 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 49** The Company has no obligation to compensate for those who suffer loss from cancellation of original stock certificates or issuance of new share certificates unless they can prove that the Company has fraudulent conduct.

**Article 50** 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 51** The Committee of the Communist Party of China of China Cinda Asset Management Co., Ltd. (hereinafter referred to as the “Party Committee”) shall be established within the Company. The Party Committee shall consist of one secretary, one or two deputy secretaries and several other members. The chairman of the board of directors of the Company and the secretary of the Party Committee shall be the same person, and one deputy secretary shall be designated to assist the secretary in carrying out Party-building work. Eligible members of the Party Committee can join the board of directors and the senior management through legal procedures, while eligible members of the board of directors and the senior management who are Party members can also join the Party Committee in accordance with relevant rules and procedures. The Company shall strengthen the Party’s leadership and improve the corporate governance at the same time. Meanwhile, a discipline inspection and supervision agency shall be established in accordance with relevant requirements.

The Company adheres to the principle of strengthening the Party’s leadership and improving the corporate governance at the same time. It incorporates the Party’s leadership into all aspects of corporate governance, utilizing high-quality Party building to guide the Company’s high-quality development.

The Company continues to improve the democratic management system under the Party leadership, with the employee representative meeting as the basis, where major decisions shall be made with regards to the opinions of employees, major issues involving the significant interests of employees must be reviewed by the employee representative meeting to ensure that employee representatives are entitled to participate in corporate governance in an orderly manner and in accordance with the laws. The Labor Union of the Company is responsible for the daily work of the employee representative meeting.

**Article 52** The Party Committee shall, in accordance with the Constitution of the Communist Party of China and other internal laws and regulations of the Party, perform the following duties:

- (1) to uphold centralized and unified leadership of the CPC Central Committee over financial work, thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strengthen the Party’s political building of the Company, adhere to and implement the fundamental systems, basic systems and important systems of Socialism with Chinese Characteristics, ensure and supervise the Company’s implementation of policies and guidelines of the Party and the State, 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, and firmly follow the path of financial development with Chinese characteristics;

- (2) to strengthen its leadership and gate keeping role in the management of the process of selection and appointment of personnel, adhere to the standards of excellent politics, excellent ability and excellent work style, effectively reinforcing the construction of leadership team, cadre team and professional team of the Company, focusing on standards, procedure, evaluation, recommendation and supervision, and uphold the integration of the principle that the Party manages the cadres with the function of the board of directors in the lawful selection of the management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the management, and strive to forge a loyal, clean, and responsible high-quality professional financial cadre talent team;
- (3) to research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and put forth comments and suggestions. Support the shareholders' meeting, the board of directors and the senior management of the Company in performing their duties in accordance with laws and support the employees' representative meeting in carrying out its work;
- (4) to 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 and the Communist Youth League, lead the construction of the Party's working style and its clean and honest administration, strengthen the construction of a clean and honest culture and support the discipline inspection and supervision agency in earnestly performing its supervisory responsibilities;
- (5) to strengthen the building of the Company's 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 cadres and employees 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' MEETING**

### **Section 1 Shareholders**

**Article 53** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by such shareholder. 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 one of the joint shareholders is deceased, only the other surviving persons among the joint shareholders shall be regarded as the owners of relevant shares of the Company, provided that the board of directors shall have the right to require such persons to provide a certificate of death deemed appropriate by the board of directors for the purpose of changing the register of members;
- (4) for joint shareholders of any 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 the shareholders' meeting convened by the Company or to exercise all the voting rights attached to the relevant shares; and any notice served on such shareholder shall be treated as having been served on all joint shareholders of the relevant shares.

**Article 54** The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to dividends and other types of interest distributed in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- (3) the right of supervisory management over the Company's business operations, and the right to present proposals or to raise enquiries;
- (4) the right to transfer, bestow or pledge shares in accordance with laws, regulations, regulatory documents, relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed and provisions of the Articles;

- (5) the right to inspect and copy the Articles, register of members, minutes of shareholders' meetings, resolutions of the board of directors' meeting, and financial and accounting reports; shareholders meeting the applicable requirements may inspect the Company's accounting books and accounting vouchers. Where the Securities Law and other relevant laws and regulations provide specific provisions for shareholders of listed companies to inspect and copy related materials, such provisions shall prevail;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) the right to request the Company to purchase the shares of the shareholder who raises objection to the resolution on merger or division made at the shareholders' meeting; and
- (8) other rights conferred by the laws, regulations, regulatory documents and the Articles.

Shareholders meeting the applicable requirements who wish to inspect or copy relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law, and other applicable laws and regulations. They shall also provide the Company with written documents evidencing the class and the number of shares they hold in the Company. Upon verifying the shareholder's identity, the Company shall provide the materials in accordance with the shareholder's request.

In particular, shareholders who, whether individually or collectively, hold more than three percent of the Company's shares for 180 consecutive days or more, and who wish to inspect the Company's accounting books and accounting vouchers, shall also submit a written request to the Company specifying the purpose. If the Company has reasonable grounds to believe that the shareholder's inspection of the accounting books and accounting vouchers is pursued for improper purposes and may damage the legitimate interests of the Company, it may refuse to grant such access. Shareholders may appoint intermediary institutions such as accounting firms or law firms to carry out the inspection of the accounting books and accounting vouchers. When shareholders or their authorized accounting firms, law firms, or other intermediary institutions inspect or copy relevant materials, they shall comply with applicable laws and administrative regulations relating to the protection of state secrets, trade secrets, personal privacy, and personal information.

If any person holding interest directly or indirectly exercises his right based on the shares of the Company without revealing this right to the Company, the Company shall not compromise such person's right based on the shares of the Company by freezing it or otherwise.

Shareholders who shall have but have not been approved by the regulatory authorities or who shall have but have not reported to the regulatory authorities may not exercise the rights to request to convene a shareholders' meeting, to vote, to nominate, to propose resolutions, to dispose, etc.

For shareholders who made false statements, abused shareholders' rights or had other acts that jeopardized the interests of the Company, the banking regulatory authority of the State Council or its local offices may restrict or prohibit such shareholders from conducting connected transactions with the Company, restrict their quota on holding the Company's equity, on the proportion of equity pledge, etc., and may restrict their rights to request to convene a shareholders' meeting, to vote, to nominate, to propose resolutions, to dispose, etc.

**Article 55** If a resolution of a shareholders' meeting or a board resolution violates the laws and administrative regulations, a shareholder shall have the right to request a people's court to determine the same as invalid.

If the procedure for convening a shareholders' meeting or board meeting, or the method of voting thereat, violates the laws, administrative regulations or the Articles, or the contents of a resolution violate the Articles, a shareholder shall have the right to request a people's court to rescind such resolution within 60 days from the date of adopting such resolution. However, this does not apply if the convening procedures or the voting methods of the shareholders' meeting only have minor defects that do not substantially affect the resolution.

If the Company completes the formalities in respect of 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 56** Holders of the ordinary shares of the Company shall have the following obligations:

- (1) to abide by the laws and regulations, regulatory requirements and the Articles;
- (2) to contribute to the share capital according to the number of shares subscribed by them and the methods of capital contribution, to perform capital contribution obligation in strict compliance with the requirements of the laws and regulations and the requirements of the banking regulatory authority of the State Council, purchase shares of the Company with their own funds and ensure the funds are obtained from legal sources, rather than entrusted funds, debt funds and other funds not owned by themselves, unless otherwise prescribed by laws, regulations or regulatory policies; to meet the regulatory requirements about the shareholding proportions and the number of institutional shareholders, and not to entrust others or be entrusted by others to hold shares of the Company;
- (3) not to withdraw their contributed share capital unless in such circumstances as stipulated by the laws and regulations;

- (4) not to abuse the Company's independent status as a legal person and the shareholders' limited liability to damage the interest of the creditors of the Company; shareholders, and their controlling shareholders and de facto controllers shall not abuse the rights of shareholders or use their affiliation to cause detriment to the legitimate interests of the Company, other shareholders or stakeholders; they shall not interfere with the decision-making and management rights of the board of directors and senior management in accordance with the Articles of Association of the Company; they shall not bypass the board of directors and senior management to directly interfere with the operation and management of the Company;
- (5) to perform their fiduciary duties to the Company; the shareholder shall, in accordance with laws, regulations, and regulatory provisions, truthfully notify the Company of its financial information, equity structure, source of funds to acquire shares, controlling shareholder, de facto controller, connected party, person acting in concert, beneficial owner, investment in other financial institutions, and other information;
- (6) to notify the Company of the relevant situation in writing in a timely manner in accordance with laws, regulations and regulatory provisions, if they are involved in a merger or demerger, or are subject to an order for suspension of business for overhaul, designated custody, receivership, abolishment or any measure, or are subject to a dissolution, liquidation, bankruptcy proceeding, or have a change in their legal representative, company name, business premises, business scope, or any other important matter;
- (7) to notify the Company of the relevant situation in writing in a timely manner in accordance with laws, regulations and regulatory provisions, in case where the shares of the Company held by a shareholder are involved in litigation or arbitration, are subject to legal compulsory measures taken by the judicial authorities, are pledged or released from a pledge;
- (8) to comply with laws, regulations and regulatory provisions, and shall not harm the interests of other shareholders and the Company, if they transfer or pledge the shares of the Company held by them, or conduct a connected party transaction with the Company;
- (9) to support the reasonable capital plans formulated by the board of directors of the Company to enable the Company to meet regulatory capital requirements constantly; (for substantial shareholders) to replenish the capital or give a written undertaking to the Company to replenish the capital when necessary, except for shareholders of Central Huijin Investment Ltd., National Council for Social Security Fund and shareholders approved to be exempted by the banking regulatory authorities of the State Council;



- (10) to cooperate with the regulatory authorities in investigation and risk disposal, in case where the Company has a risk event or commits a material violation of provisions;
- (11) other obligations imposed by the laws, regulations, regulatory documents and the Articles.

Shareholders shall not be liable for making any additional contributions to the share capital other than according to the terms as agreed as a subscriber of the shares at the time of subscription.

Shareholders shall nominate candidates for directors in strict compliance with the conditions and procedures required by laws, regulations and the Articles. In principle, the number of directors nominated by the same shareholder and its related parties shall not exceed one-third of the total members of the board of directors, except as otherwise stipulated by the State. Shareholders and their related parties that have already nominated non-independent directors shall not nominate independent directors.

In accordance with laws, regulations and regulatory requirements, the Company shall establish the corresponding loss absorption and risk defense mechanisms in case of material risks. The Company absorbs losses and defends risks with the paid-in capital, capital reserves, surplus reserves, undistributed profits, general risk reserves, etc., in case of material risks.

For the obligations of ordinary shareholders stipulated in this Article, where the shareholder is the financial departments of the State Council, the investment institutions authorized by the State Council, etc., the laws, regulations, department rules and regulatory documents stipulate otherwise, such provisions shall prevail.

For the obligations of ordinary shareholders stipulated in this Article, the financial departments of the State Council, the investment institutions authorized by the State Council and other relevant shareholders shall not be subject to the obligations not applicable thereto.

**Article 57** Prior approval from the banking regulatory authority of the State Council is required for an investor together with its connected parties and persons acting in concert that plan to hold, either separately or jointly, for the first time or accumulatively increase the holding of 5% or more of total issued shares of the Company. When an investor and its connected parties and persons acting in concert hold, either separately or jointly, not less than 1% but not more than 5% of the Company's total shares, the Company shall, within 10 working days from the date of obtaining corresponding shares by them, report to the banking regulatory authority of the State Council.

Any shareholder who owns more than 5% of the total shares must report in writing to the Company on the day it occurs so that the Company could apply for the approval to the banking regulatory authority of the State Council within five days from the date of the occurrence of the event.

If a shareholder who 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 in respect of the shares in excess of 5% of the total shares of the Company (“Excess Shares”) as stipulated in Article 54 shall be subject to restrictions unless 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’ meetings (including class shareholders’ meeting);
- (2) the Excess Shares shall have no rights in respect of the nomination of candidates for directors as provided in the Articles; and
- (3) the shareholder shall not exercise rights such as the right to request convening of the shareholders’ meeting, to propose resolutions and to dispose based on the Excess Shares.

Notwithstanding the foregoing, holders of Excess Shares shall not be subject to any restrictions in exercising other shareholders’ rights pursuant to Article 54. 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 58** The controlling shareholder shall exercise his/her/its rights as an investor in strict compliance with the laws, regulations, regulatory documents and the Articles, and shall not seek improper interests or impair the legal rights of the Company or other shareholders by leveraging its controlling position.

The controlling shareholder and de facto controller of the Company shall not impair the Company’s interests with his/her/its related relations. In breach of any regulations, compensation for the loss incurred to the Company shall be assumed by the controlling shareholder and/or the de facto controller.

The controlling shareholder and de facto controller of the Company shall comply with the following provisions:

- (1) to exercise shareholders’ rights in accordance with the law, and not to abuse control or use related-party relationships to damage the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly fulfill the public statements and commitments made, and not to change or exempt them without permission;

- (3) to strictly perform the obligations of information disclosure in accordance with relevant regulations, actively cooperate with the Company to carry out information disclosure work, and promptly inform the Company of any significant events that have occurred or are expected to occur;
- (4) not to use the Company's funds in any manner;
- (5) not to force, instruct, or require the Company or relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to utilize non-public material information of the Company to seek benefits, not to disclose any non-public material information relating to the Company in any manner, and not to engage in insider trading, short-term trading, market manipulation, or any other illegal behaviours;
- (7) not to damage the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distributions, asset restructuring, external investments, or any other means;
- (8) to ensure the Company's integrity of assets, and independence in personnel, finance, organization, and operations, and not to affect the Company's independence in any manner; and
- (9) to comply with laws, administrative regulations, rules, regulatory provisions, the provisions of the securities regulatory authorities of the place where the Company's shares are listed, and other provisions of the Articles.

Other than obligated by 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 interest of all or part of the shareholders on the following matters:

- (1) to release the obligation of a director to act honestly in the best interests of the Company;
- (2) to allow directors for the interest of themselves or others, to expropriate the Company's property, including (without limitation) opportunities advantageous to the Company; and
- (3) to allow directors for the interest of themselves or others, to expropriate the rights of shareholders, including (without limitation) rights to distributions and voting rights, save pursuant to a restructuring of the Company submitted to shareholders' meeting for approval in accordance with the Articles.

**Article 59** If any shareholder pledges the Company's shares as collateral for himself/herself/itself or others, he/she/it shall notify the board of directors of the Company in advance and shall be in strict accordance with laws and regulations and the requirements of the regulatory authorities. The office of the board of directors or any other departments designated by the board of directors shall be responsible for such daily work as the collection, sorting out and submission of any information in relation to any pledge of shares of the Company.

Shareholders who have seats in the board of directors of the Company, or who directly, indirectly, or jointly hold or control more than 2% of the shares or voting rights of the Company shall apply in advance to the board of directors for filing before pledging the shares of the Company, and indicate the reasons for the pledge, amount of shares pledged, term of pledge, pledgee and other basic information. Where the board of directors considers there exists a material adverse effect on the Company's equity stability, corporate governance, risk and connected transaction control, etc., such pledge shall not be filed. When the board of directors considers relevant filings, the directors appointed by the shareholders proposing such pledge shall abstain from voting. Shareholders shall, after completing share pledge registration, cooperate with the Company's work of risk management and information disclosure, and provide the information involving share pledge to the Company in a timely manner. Shareholders shall not pledge their shares of the Company if the balance of their loans from the Company exceeds the audited net value of the equities of the Company they hold for the previous year. If the number of shares of the Company pledged by such shareholder is equal to or greater than 50% of the shares held by such shareholder in the Company, the voting right attached to the pledged shares may not be exercised at the shareholders' meeting, and the directors nominated by such shareholder may not vote at a board meeting or be included in the number of board meeting attendees.

## **Section 2 General Provisions on Shareholders' Meeting**

**Article 60** The shareholders' meeting is the organ of power of the Company. The shareholders' meeting exercises the following functions and powers within the scope prescribed by laws, administrative regulations, rules, regulatory provisions and the Articles:

- (1) to elect, replace and remove the relevant directors of the Company, and to decide on matters related to the emoluments of directors;
- (2) to consider and approve the reports of the board of directors;
- (3) to consider and approve the annual financial budget and final account statement of the Company;
- (4) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (5) to resolve on any increase or reduction in the Company's registered capital;

- (6) to resolve on the issuance of corporate bonds, any class of shares, warrants or other marketable securities of the Company and their listing;
- (7) to resolve on matters related to merger, separation, dissolution, liquidation of the Company or alternation on the form of the Company;
- (8) to amend the Articles, the procedural rules of the shareholders' meeting, and the meetings of the board of directors;
- (9) to decide the engagement or dismissal of accounting firms of the Company for conducting regular statutory audits work for the Company's financial reports;
- (10) to resolve on matters related to repurchase of shares of the Company;
- (11) 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 swap assets, write-off of assets, external donations of the Company and major decisions of legal corporations;
- (12) to consider and approve matters in relation to the change of use of the raised fund;
- (13) to consider and approve share incentive scheme;
- (14) to consider and approve any purchase, disposal or provision of guarantee to others with aggregate value of more than 30% of the total assets of the Company within a period of a year;
- (15) to consider and approve connected transactions required to be approved by the shareholders' meeting under the law, regulations, regulatory documents and the securities regulatory authorities of the place where the Company's shares are listed;
- (16) to consider any motion raised by shareholders, individually or in aggregate, holding more than 1% of issued shares of the Company with voting rights;
- (17) to determine the issuance of preference shares; to determine or authorize the board of directors to determine matters relating to preference shares issued by the Company, including but not limited to redemption, conversion and distribution of dividends;
- (18) to consider and approve all other matters which are required to be determined by the shareholders' 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 the Articles.

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

**Article 61** The authorization conferred by the shareholders' meeting upon the board of directors shall be clear and specific. If the authorized matters shall be adopted by the shareholders' meeting by way of ordinary resolution according to the Articles, such resolutions shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the shareholders' meeting. If the authorized matters shall be adopted by the shareholders' meeting by way of special resolutions according to the Articles, such resolution shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the shareholders' meeting.

**Article 62** The rules of procedure of the shareholders' meeting shall be formulated by the board of directors and shall be approved at the shareholders' meeting.

**Article 63** The Company shall not, without prior approval of the shareholders' meeting or any party authorized by the shareholders' meeting, enter into any contract with any person other than a director or senior management member whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

**Article 64** Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meetings are required to be held once every year and within six months from the close 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.

An extraordinary shareholders' 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 the minimum quorum or less than two-thirds of the minimum total number of directors stipulated in the Articles;
- (2) the uncovered loss of the Company reaches one-third of the Company's total share capital;
- (3) shareholders who individually or jointly hold more than 10% of the voting shares of the Company request to convene the meeting in writing;

- (4) the board of directors deems it necessary to convene the meeting;
- (5) the audit committee proposes to convene the meeting;
- (6) when proposed to convene the meeting by the majority of and not less than two independent directors; or
- (7) any other circumstances as stipulated by the laws, regulations, regulatory documents and the Articles.

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

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

**Article 65** The shareholders' meeting of the Company shall be held at the Company's domicile or other designated location.

A shareholders' meeting shall be convened by the board of directors. Subject to the relevant requirements in this section, the audit committee or shareholders shall have the right to convene a shareholders' meeting.

**Article 66** With the consent of the majority (at least two independent directors) of all independent directors, the independent directors may jointly propose to the board of directors to convene an extraordinary shareholders' meeting. Regarding a proposal from independent directors to convene an extraordinary shareholders' meeting, the board of directors shall provide a written feedback on whether or not they agree to convene the extraordinary shareholders' meeting within 10 days after receiving the proposal in accordance with the laws, regulations and the Articles.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the extraordinary shareholders' meeting within 5 days after making the resolution of the board of directors. If the board of directors does not agree to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.

**Article 67** The audit committee shall have the right to propose to the board of directors to convene an extraordinary shareholders' meeting in writing. The board of directors shall make a response in writing as to whether or not it agrees to convene such extraordinary shareholders' meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations and the Articles.

If the board of directors agrees to convene an extraordinary shareholders' meeting, a notice of convening such meeting shall be issued within five days after a resolution of the board of directors is passed. Approval of the audit committee must be sought if the original proposal contained in the notice is changed.

If the board of directors does not agree to convene an extraordinary shareholders' meeting, or fails to give its response within 10 days upon receipt of the proposal, the board of directors shall be deemed to be unable, or to have failed, to perform its duty to convene a shareholders' meeting, and the audit committee may convene and preside over the shareholders' meeting.

**Article 68** Shareholders who individually or jointly hold more than 10% of the shares of the Company (the "Requesting Shareholders") requesting to convene an extraordinary shareholders' meeting or class meetings shall be in accordance with following procedures:

- (1) Requesting Shareholders may propose to the board of directors to convene an extraordinary shareholders' meeting or class meeting in writing by signing one or more written proposals in the same form and with the same contents. The board of directors shall make a response in writing as to whether or not it agrees to convene such shareholders' meeting within 10 days upon receipt of the proposal in accordance with the laws, regulations, regulatory documents and the Articles;
- (2) If the board of directors agrees to convene an extraordinary shareholders' meeting or class meeting, a notice for convening such meeting shall be issued within five days after the resolution of the board of directors is passed. Approval of the Requesting Shareholders must be sought if the original proposal contained in the notice is changed;
- (3) If the board of directors does not agree to convene an extraordinary shareholders' meeting or class meeting, or fails to give its response within 10 days upon receipt of the proposal, the Requesting Shareholders shall have the right to propose to the audit committee to convene an extraordinary shareholders' meeting and such proposal shall be proposed to the audit committee in writing;
- (4) If the audit committee agrees to convene an extraordinary shareholders' meeting, a notice for convening such meeting shall be issued within five days upon receipt of the proposal. Approval of the Requesting Shareholders must be sought if the original proposal contained in the notice is changed;
- (5) If the audit committee fails to give the notice of such meeting within the prescribed period, the audit committee shall be deemed as failing to convene and preside over the shareholders' meeting, shareholders who individually or jointly hold 10% or more of the Company's shares for not less than 90 consecutive days (the "Convening Shareholders") shall be entitled to convene and preside over the meeting.



**Article 69** Shareholding proportion of the Convening Shareholders who intend to convene a shareholders' meeting shall not be less than 10% prior to announcement of the resolution of the shareholders' meeting.

A shareholders' meeting convened by the audit committee or by the shareholders on their own shall be notified in writing to the board of directors and filed in accordance with the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed.

When issuing the notice of the shareholders' meeting and publishing the announcement of the resolution of the shareholders' meeting, the audit committee or the Convening Shareholders shall submit relevant supporting materials to the securities regulatory authorities of the place where the Company's shares are listed.

In case the audit committee or the Convening Shareholders decide to convene the shareholders' meeting, the board of directors and the board secretary shall coordinate and the board of directors shall provide the register of members as at the share registration date.

Necessary costs incurred for the shareholders' meetings convened by the audit committee or Convening Shareholders shall be borne by the Company.

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

**Article 70** When the Company convenes a shareholders' meeting, the board of directors, the audit committee, the majority of independent directors (at least two) and shareholders, individually or in the aggregate, holding 1% or more of the shares with voting rights of the Company shall have the right to submit proposals to the Company in writing. The Company shall place matters in the proposals within the scope of functions of the shareholders' meeting on the agenda of such meeting.

Shareholders, individually or in the aggregate, holding more than 1% of the shares of the Company shall have the right to submit interim proposals in writing 10 days before the shareholders' meeting to the convener of such meeting. The convener shall within two days upon receiving such proposals give supplemental notice to other shareholders, and place matters in the interim proposals within the scope of functions and powers of the shareholders' meeting on the agenda of such meeting, except for the interim proposals that violate laws, administrative regulations, or the Articles, or do not fall within the scope of functions and powers of the shareholders' meeting.

**Article 71** Proposals for the shareholders' meeting shall be within the scope of the functions and powers of the shareholders' meeting, and shall have clear topics and specific resolution matters and comply with the laws, regulations and the Articles.

**Article 72** When the Company is to convene an annual shareholders' meeting, the board of directors shall notify all shareholders in writing 20 days before the meeting; when to convene an extraordinary shareholders' meeting, the board of directors shall notify all shareholders in writing 15 days before the meeting.

If the securities regulatory authorities of the place where the shares of the Company are listed stipulates a longer notice time period for a shareholders' meeting such stipulation shall prevail.

**Article 73** A shareholders' meeting shall not resolve on a proposal not listed in the notice.

**Article 74** The notice of shareholders' meeting shall be in written form and shall contain the following:

- (1) the convener of the meeting;
- (2) the location, date and duration of the meeting;
- (3) the matters and all resolutions to be considered at the meeting. Proposed changes to any resolution passed at previous shareholders' meeting shall be disclosed in full rather than disclosing the changes only;
- (4) the information and explanation necessary for shareholders to make decisions regarding the matters to be discussed, including (but not limited to) specific terms and contracts (if any) for a proposed transaction, and a detailed explanation of the reasons and consequences where the Company proposes a merger, repurchase of shares, restructuring of shares or other form of restructuring;
- (5) where any directors and other senior management members have an important interest in matters to be discussed, the nature and extent of that interest shall be disclosed. Further, where the impact of the matters to be discussed by such directors and other senior management members who are shareholders is different from the impact on other shareholders of the same class, the difference shall be explicitly explained;
- (6) the full text of any special resolution proposed to be passed at the meeting;
- (7) a prominent statement that shareholders entitled to attend the shareholders' meeting may entrust one or more proxies, who does not need to be a shareholder of the Company, to attend the meeting and vote on their behalf;
- (8) the time and place for the delivery of the proxy letter of the meeting;

- (9) record date for determination of eligibility of shareholders for attending the shareholders' meeting;
- (10) name and contact information of the person for meeting enquiry;
- (11) where the shareholders' meeting is convened through the internet or by other means, particulars of the time and procedure of voting through internet or by other means.

**Article 75** Notice of shareholders' meeting shall be served on shareholders (whether or not entitled to vote at the shareholders' meeting) by personal delivery or prepaid mail to their addresses as shown in the register of members. For the holders of domestic shares of the Company, notice of the meeting may be issued by way of public notice.

The aforesaid public notice shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. After the publication of such notice, the holders of domestic shares of the Company shall be deemed to have received the notice of the relevant shareholders' meeting.

For holders of overseas listed shares, subject to the compliance with 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 shareholders' meeting may be published on the website of the Company and the Hong Kong Stock Exchange in place of personal delivery or prepaid mail to the holders of overseas listed shares.

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.

**Article 76** Where the elections of director will be discussed at the shareholder's meeting, the notices of the shareholders' meeting shall, in compliance with laws, regulations, regulatory documents, the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed and the Articles, contain the details of the proposed directors including the following particulars:

- (1) personal particulars such as education background, working experience and any part-time positions;
- (2) whether there is any connected relationship with the Company or the controlling shareholders and actual controller of the Company;
- (3) their shareholding in the Company;
- (4) whether there are any penalties or punishments imposed by the securities regulatory authorities of the State Council and other related authorities or the stock exchange.

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

**Article 77** The Company shall set up a meeting place for the shareholders' meetings that will be held in the form of on-site meeting.

The Company may convene a shareholders' meeting through a variety of modern communication technologies, subject to the legitimacy, efficiency and applicability of the meeting. Shareholders who attend the meeting through the aforesaid methods shall be deemed as attending the meeting in person.

**Article 78** 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 proxy to attend and vote on his/her behalf. According to the appointment of the shareholder, a proxy so appointed shall:

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have right to individually or join in demanding a poll; and
- (3) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

Where the 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' 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 person so appointed may exercise the rights of the recognized clearing house (or its agent) as if he/she was an individual shareholder of the Company.

**Article 79** 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 so officially authorized.

**Article 80** The proxy letter issued by a shareholder to entrust proxy to attend shareholders' meeting shall contain the following contents:

- (1) name of the appointer, and the class and number of shares held by the appointer in the Company;
- (2) name of the proxy;

- (3) specific instructions from the shareholder, including instructions on each item to be discussed on the agenda of the shareholders' meeting, stating whether the shareholder agrees to, objects to or abstains from voting the resolution, etc.;
- (4) issuing date of the proxy letter and its effective period; and
- (5) signature (or seal) of the appointer. If the appointer is a corporate shareholder, the proxy letter shall be stamped with the official seal of the legal entity or signed by its director or an officially appointed agent.

The format of power of attorney or proxy letter provided to shareholders by the board of directors of the Company for appointing proxies shall enable the shareholder to instruct his/her proxy to vote for or against or abstain from voting and to make instructions on each item to be discussed on the agenda of the shareholders' meeting. The proxy form shall specify whether the proxy may vote as he/she thinks fit in the absence of instructions from the 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 81** The proxy letter shall be deposited at the residence of the Company or at such a place as specified in the notice convening the meeting not less than 24 hours before the time of the meeting at which the proxy proposes to vote or the time appointed for the voting. If the proxy form 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 shall be deposited at the residence of the Company or at such a place as specified in the notice convening the meeting.

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

**Article 82** 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 83** The attendance records of the meeting shall be prepared by the Company. The records shall contain the names (or corporate name), the identity card numbers, and the number of voting shares held or represented by such participants, and the names (or corporate name) of appointers.

**Article 84** All the directors and board secretary of the Company should attend the shareholders' meeting. Other senior management members may sit in at the shareholders' meeting where it is necessary.

**Article 85** The chairman of the meeting shall announce, prior to voting, the number of shareholders and proxies attending the meeting as well as the total number of voting shares represented by them, which shall be subject to the number registered during the meeting.

The registration of the number of shareholders and proxies attending the meeting as well as the total number of voting shares held by them shall be terminated prior to the announcement of such number by the chairman of the meeting.

**Article 86** A shareholders' meeting called 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 not performing his/her duties, a director nominated by the majority of directors shall preside over the meeting.

In case a meeting is called by the audit committee, it shall be presided over by the chairman of the audit committee. If the chairman of the audit committee is incapable of performing or not performing his/her duties, a member of the audit committee nominated by the majority of the members of the audit committee shall preside over the meeting.

In case a meeting is called by shareholders, the meeting shall be presided over by a shareholder representative nominated by the shareholders who convene the meeting.

In a shareholders' meeting, where the chairman violates the rules of procedures of the meeting which results in failure to continue the meeting, a chairman may be elected by the majority of the attending shareholders with voting rights so as to carry on with the shareholders' meeting.

**Article 87** The board of directors shall report to the shareholders at the annual shareholders' meeting the work undertaken by them over the past year. Each independent director shall report on the carrying out of their duties.

**Article 88** The board of directors and senior management members shall respond or give explanation to the queries and suggestions from the shareholders.

**Article 89** Minutes shall be kept for the shareholders' meetings, of which the board secretary shall be in charge. Minutes of meetings shall contain the following:

- (1) number of shareholders and the proxies of shareholders attending the meetings, the number of shares held by them and the percentage of their shares to the total number of shares of the Company;
- (2) place, time, agenda of the meetings, and the name of the convener;
- (3) names of the chairman of the meetings, directors, senior management members who attend or observe the meetings;
- (4) names of shareholders who make proposals in the meetings (if any), the percentage of their shares to the total number of shares of the Company and the details of such proposals;
- (5) process of consideration for each proposal and voting results;
- (6) shareholders' enquiries or suggestions and the responses or explanation;
- (7) names of the lawyer, the vote counter and the scrutineer; and
- (8) other matters which shall be recorded in the minutes required by the Articles.

**Article 90** The minutes of shareholders' meetings shall be signed by the directors, the board secretary, the convener or his/her representative, the presider of the meeting and the minute-taker who attend or are present at the meetings. The minutes shall be kept together with the signature book of shareholders who attend such meetings in person, the instruments of proxy and the valid voting records on resolutions made online or otherwise, by the board secretary according to the archive management system of the Company.

## **Section 6 Voting and Resolutions of Shareholders' Meeting**

**Article 91** Shareholders (including their proxies) are entitled to exercise the voting rights of their voting shares at the shareholders' meeting. Each share shall have one voting right. Shares held by the Company shall not carry voting rights and shall not be included in the total number of voting shares present at the shareholders' meeting.

**Article 92** Resolutions of shareholders' meeting shall include ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by more than one-half of the voting rights held by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the meeting.

**Article 93** The following matters shall be approved by shareholders' meeting by special resolution:

- (1) increase or reduce 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 Company's shares;
- (5) amendments to the Articles;
- (6) share incentive scheme;
- (7) purchase, disposal or provision of guarantee with aggregate value of more than 30% of the total assets of the Company within a period of a year;
- (8) 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 swap assets, writing off of assets, external donations and major decisions of legal corporations;
- (9) alteration of profit distribution policy;
- (10) removal of an independent director;
- (11) other matters stipulated by laws, administrative regulations, regulatory documents, the requirements of the securities regulatory authorities of the place where the Company's shares are listed or the Articles, which shall be approved by special resolutions or matters which are significant to the Company and are determined by ordinary resolution of shareholders' meeting to be approved by special resolutions.

Apart from the aforementioned matters, any other matters requiring approval at shareholders' meeting shall be approved by ordinary resolutions.



**Article 94** When connected transactions are reviewed at a shareholders' meeting, the relevant shareholders shall abstain from voting, and the number of shares with voting rights held by them shall not be counted into valid votes.

**Article 95** The nomination of directors of the Company shall be proposed to the shareholders' meeting for voting by resolutions.

**Article 96** The shareholders' meeting shall vote on all proposals presented one by one. In the case where 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' meeting is suspended or fails to resolve due to exceptional reasons such as force majeure, the shareholders' meeting shall not postpone the proposals and shall vote on them.

**Article 97** The vote of each voting right can only be cast either by poll, online voting or other methods. If a vote has been cast repeatedly based on the identical voting right, the first vote shall prevail.

Except for procedural or administrative matters of shareholders' 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 98** 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 99** 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 only 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 in the voting results.

**Article 100** Shareholders attending the shareholders' 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 "abstain".

Any voter with a vote that is not filled in, incorrectly filled in or in unrecognizable writing or not cast shall be deemed as having waived the voting right and the corresponding voting shall be counted as "abstain".

**Article 101** On a poll, a shareholder (including proxies) who is entitled to have two or more votes need not cast all his/her votes for or against a resolution.

**Article 102** The onsite shareholders' meeting shall not be ended earlier than the ending of online platform or other means. The chairman of the meeting shall announce the voting circumstances and voting result of every resolution, and whether the resolution has been passed according to the voting result.

Prior to the official announcement of voting results, the Company and all the relevant parties involved in the shareholders' meeting on the scene, via online platform or any other means, including the vote counting officer, the vote scrutineer, substantial shareholders and internet service provider, are obliged to keep the voting results confidential.

**Article 103** The chairman of the meeting shall decide whether resolutions are passed according to the voting results and announce such results in the meeting. The results of voting upon the resolutions shall be recorded in the meeting minutes.

**Article 104** 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 result announced by the chairman, the shareholders or their proxies can request for a recount immediately after the announcement of the result, and the chairman shall arrange a recount of the votes immediately.

If the counting of votes is held at a shareholders' meeting, the result of the counting shall be recorded in the minutes of the meeting.

**Article 105** When holding a shareholders' meeting, the Company shall engage lawyers to give legal opinions on the following issues:

- (1) Whether the procedures for convening and holding a meeting is in compliance with laws, administrative regulations and the Articles;
- (2) Whether the qualifications of the attendees and convener are legal and valid;
- (3) Whether the voting procedures and results of the meeting are legal and valid; and
- (4) Legal opinions on other relevant issues as requested by the Company.

**Article 106** The announcement of voting results of a shareholders' meeting shall be published in a timely manner. The announcement shall set forth the number of shareholders and proxies attending the meeting, the total number of voting shares 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 107** If the proposal of the election of a director was passed by the shareholders' meeting, the appointment of a director shall take effect when:

- (1) the resolution effecting such appointment is passed at the shareholders' meeting; and
- (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 108** 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 the Articles.

Class shareholders shall enjoy equal rights in any dividends or any other forms of distributions.

Any non-voting shares 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 109** If the Company proposes to modify or terminate the rights of a class of shareholders, it may do so only after such modification or termination has been approved by a special resolution of the shareholders' meeting and a separate shareholders' meeting convened by the affected shareholders of that class under Articles 113 to 117.

**Article 110** The following circumstances shall be deemed to be variation 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 reduce or abrogate 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 the Articles.

**Article 111** Class shareholders affected, whether or not otherwise having the right to vote at shareholders' 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 112, 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 28 of the Articles, "interested shareholder(s)" shall refer to the controlling shareholders as defined in Article 297 of the Articles;
- (2) if the Company has made a repurchase by means of agreement outside the stock exchange in accordance with Article 28 of the 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 112** 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 113.

**Article 113** When convening a class meeting, the Company shall issue a written notice in accordance with the notice period requirement of the corresponding annual shareholders' meeting or extraordinary shareholders' meeting of the class meeting, to notify all shareholders in the share register of such class of the matters to be considered, the date, time and the venue of the class meeting.

Where the laws, administrative regulations, departmental rules, and securities regulatory authorities and the stock exchange(s) of the places where the Company's shares are listed stipulate otherwise on the convening of a class meeting, such stipulation shall be followed.

**Article 114** 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' meeting. The provisions of the Articles relating to the procedures of conducting any shareholders' meeting shall apply to class meetings.

**Article 115** 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' 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 the MOF arrange for the listing and trading of its shares as a promoter 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 116** 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 director means a director holding other senior operation and management positions in addition to holding directorship of the Company.

Non-executive director means a director who does not hold an operation and management position. Non-executive directors include independent directors and the employee director. The provisions of the independent directors are set out in Section 2 of this chapter.

**Article 117** Directors (except for the employee director) shall be elected at the shareholders' meeting. The employee director is elected democratically by the employees' congress, the employees' general meeting or other forms. The term of office 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 election.

**Article 118** Directors shall have relevant expertise and experience to perform his/her duties and shall satisfy the requirements on qualifications of the banking regulatory authority of the State Council.

**Article 119** 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 the 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 concealing information from directors.

Directors shall exercise their powers to the extent as permitted by the laws, regulations, regulatory documents and the Articles and shall not interfere in an ultra vires manner with the operation and management activities of senior management out of their scope of powers in violation of the decision-making system and procedures of the Company.

**Article 120** The nomination and election procedures of directors (other than independent directors) are set forth as follows:

- (1) within the range of number of members, the nomination and remuneration committee of the board of directors can nominate candidates for directors of the board of directors as specified by the Articles; or shareholders individually or jointly holding 3% or more of the total number of the shares of the Company with voting rights can also nominate candidates for directors to the board of directors. The nomination shall be attached with written materials including their basic information and biographies;
- (2) the nomination and remuneration committee of the board of directors shall conduct preliminary verification on the qualifications and conditions of the candidates for directors, and propose the qualified candidates to the board of directors for consideration. The board of directors shall propose the candidates for directors to the shareholders' meeting by way of written proposal after they are considered and approved by the board of directors;

- (3) a candidate of director shall, prior to the convening of the shareholders' 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. A written notice of the intention to nominate a candidate of director and the candidate's willingness to be elected and the written materials of the candidate's basic information shall be delivered to the board of directors no later than 10 days prior to the convening of the shareholder's meeting;
- (4) the board of directors shall disclose the detailed information on the candidates of directors to shareholders at least seven days before the convening of the shareholder's meeting, to ensure shareholders to obtain adequate knowledge about the candidates when casting their votes;
- (5) the board of directors shall give at least seven days for relevant nominators and candidates of directors for submission of the written notice and materials set forth as above;
- (6) the shareholders' meeting shall review and vote on the election of the candidates one by one; and
- (7) in the case of temporary addition or supplement of any director, the nomination and remuneration committee of the board of directors or the shareholders satisfying the conditions for making such nomination shall propose a candidate to the board of directors for consideration. The shareholders' meeting elects or replaces the director.

**Article 121** No director may act on his/her own behalf to represent the Company or the board of directors if not duly authorized by the Articles, shareholders' 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.

**Article 122** Prior to the expiration of the term of office of the director, he/she shall not be removed by the shareholders' meeting without appropriate reasons. However, in accordance with applicable laws and administrative regulations, the shareholders' 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 by the director pursuant to any contract.



**Article 123** A director may resign before the expiry of his/her term of office. The resigning director shall submit a written resignation to the Company.

In case that no timely reelection takes place upon expiry of the term of a director or resignation of a director during his/her term of office affects the normal operation of the Company, or makes the number of directors fall below the minimum number required by the Company Law or two-thirds of the minimum number of directors stipulated in the Articles, or if the resignation of an audit committee member renders the members of the audit committee fewer than the statutory minimum or a shortage of accounting professionals, the existing director shall continue to perform his/her duties as a director in accordance with the laws, regulations, regulatory documents and the 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. If the Company is in the process of dealing with major risks, any director shall not resign without the approval of the regulatory authorities. If the resignation of an independent director causes the number of independent directors on the Company's board of directors to fall below the minimum number of independent directors required by law, the independent director shall continue performing his/her duties and responsibilities before a new independent director takes office, except for resignation and removal due to loss of independence.

Other than the circumstances specified in the preceding paragraph of this Article, the resignation of a director shall take effect upon receipt of the resignation letter by the Company. Under the aforesaid circumstances, the board of directors shall convene an extraordinary shareholders' meeting immediately to elect a new director to fill the vacancy.

When a director is removed by the shareholders' meeting, dies, resigns due to loss of independence as in the case of an independent director, or otherwise is unable to perform the duties of director, rendering the number of directors lower than the minimum number required by the Company Law or the minimum number of directors required for a board vote, the shareholders' meeting shall exercise the power of the board of directors until the number of members of the board of directors meets the requirements.

**Article 124** A director shall undertake the handover procedures with the board of directors upon his/her resignation or expiration of term of office.

**Article 125** Any director, if withdraw 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.

## **Section 2 Independent Directors**

**Article 126** Independent directors of the Company refer to directors who do not take up any position in the Company other than serving as directors and who has no direct or indirect material interest in or do not have any connection with the Company and its substantial shareholders or de facto controllers that is likely to affect their independent and objective judgment.

Except as otherwise provided for in this section, the provisions in Section 1 of this chapter shall apply to independent directors.

**Article 127** One-third or more (and at least three) members of the board of directors shall be independent directors, including at least one qualified accounting professional.

**Article 128** 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) meeting the independence requirements set out in Article 129 of the Articles;
- (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 five years of work experience in the areas of legal practice, economics, finance, accounting required for the performance of the duties of an independent director 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 financial statements of financial enterprises;
- (8) ensuring to have sufficient time and energy to effectively perform the duties and undertaking to duly perform the duty of good faith and diligence;

- (9) possessing sound personal integrity and having no record of serious dishonesty or other adverse records; and
- (10) satisfying any additional conditions prescribed by laws, administrative regulations, departmental rules, normative documents, the securities regulatory authority of the place where the Company's shares are listed, and the Articles.

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 129** Independent directors shall be independent and free from the conditions that prohibited 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.

Independent directors can serve as an independent director in up to five domestic and overseas companies (of which no more than three may be domestic listed companies) concurrently and must ensure that they have sufficient time and energy to effectively perform the duties of an independent director. An independent director shall not hold concurrent positions in over two financial asset management companies. If an independent director is also an independent director of a banking or insurance institution, the relevant institutions shall have no connection relationship and no conflict of interest.

**Article 130** The board of directors shall have the right to propose the dismissal of an independent director at a shareholders' 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.

If the board of directors proposes the dismissal of an independent director at a shareholders' meeting, it shall send a written notice to the independent director concerned one month prior to the convening of the shareholders' 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' meeting. Shareholders shall vote at the meeting after considering the representations of such independent director.

**Article 131** Independent directors shall be nominated by the nomination and remuneration committee of the board of directors 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' meeting. The term of independent directors shall be the same as that of other directors of the Company and the independent directors shall be eligible for re-election upon expiry of their terms of office. The term of office of an independent director shall not exceed six years in the aggregate.

**Article 132** An independent director shall work in 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 133** 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 the Articles:

- (1) to propose to the board of directors to convene extraordinary shareholders' meetings;
- (2) to propose to convene board meetings;
- (3) to engage intermediaries independently to audit, consult on, or inspect specific matters of the Company;
- (4) to publicly solicit shareholder rights from shareholders according to law;
- (5) to express an independent opinion on any matter that may harm the interests of the listed company or its minority shareholders; and
- (6) to exercise any other powers prescribed by laws, administrative regulations, regulations of the China Securities Regulatory Commission, and the Articles.

The exercise of any of the functions and powers listed in items (1) to (3) of the preceding paragraph by any independent director shall be approved by the majority of all the independent directors.

When an independent director exercises any of the powers listed in paragraph 1, the Company shall disclose such exercise promptly. If any of the aforesaid powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 134** Independent directors shall provide objective, fair and independent opinions on the matters discussed at shareholder's meetings and board meetings, in particular the following matters:

- (1) material connected transactions;
- (2) profit distribution plans;
- (3) nomination, appointment and removal of directors;
- (4) appointment and dismissal of senior management members;
- (5) remuneration of directors and senior management members;
- (6) engagement or dismissal of the accounting firm that conducts regular statutory audit of the financial reports of the Company;
- (7) matters that may jeopardize the interests of minority shareholders in the opinion of independent directors;
- (8) matters that may cause significant losses of the Company in the opinion of independent directors; and
- (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 the Articles.

**Article 135** The Company shall establish a dedicated independent director meeting mechanism composed solely of independent directors, and shall provide the conveniences and support necessary for holding such meetings.

**Article 136** The Company shall pay independent directors an allowance commensurate with the responsibilities they undertake. The allowance for the independent directors shall be formulated by the board of directors and approved at the shareholders' meeting.

### **Section 3 Board of Directors and Chairman**

**Article 137** The board of directors established by the Company shall consist of 9 to 15 directors.

The board of directors shall include one employee director, and no senior management member may concurrently serve as the employee director. The combined number of executive directors and the employee director shall not exceed half of the total membership of the board.

**Article 138** The board office under the board of directors established by the Company is responsible for organizing, preparing documents for and keeping minutes of shareholders' 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 139** The board of directors shall have one chairman and may have a vice chairman, who shall be elected and removed by a majority of the directors.

An individual is not allowed to act as the chairman of the board of directors and president of the Company at the same time. The position of chairman may not be assumed by the legal representative or a key officer of a controlling shareholder.

**Article 140** The board of directors shall perform the following duties in accordance with laws:

- (1) to convene and report its work to the shareholders' meeting;
- (2) to implement the resolutions of the shareholders' meetings;
- (3) to determine the development strategies, operation plans and investment plans of the Company, and supervise the implementation;
- (4) to formulate capital plans, and assume ultimate responsibility for capital or solvency management;
- (5) to formulate annual financial budget and final account statement of the Company;
- (6) to formulate profit distribution plan and loss recovery plan of the Company;

- (7) to formulate plans for the increase or reduction of the registered capital;
- (8) to formulate plans for major acquisitions or merger of the Company, division, dissolution and change of the form of the Company;
- (9) to formulate plans for the issuance of corporate bonds, any class of shares, warrants or other marketable securities and listing of the Company;
- (10) to formulate share repurchase plans of the Company;
- (11) to formulate amendments to the Articles, the rules of procedures of the shareholders' meeting and the rules of procedures of the board of directors, consider and approve the working rules for the special committees of the board of directors;
- (12) to consider and approve the terms of reference of the president;
- (13) to appoint or dismiss the president and the board secretary of the Company;
- (14) to appoint or dismiss vice presidents, assistants to president and other senior management members (excluding the board secretary) as nominated or suggested by the president;
- (15) to determine the chairman (other than the chairman of the strategic development committee) and members of each special committee under the board of directors;
- (16) to formulate the assessment methods and remuneration package of directors for the approval by the shareholders' meeting;
- (17) to determine the remuneration, performance review and award and punishment mechanism of the senior management members of the Company;
- (18) to formulate the basic management system of the Company and supervise its implementation;
- (19) to determine the risk tolerance, risk management, compliance and internal control policies of the Company, formulate systems in relation to the internal control and compliance management of the Company, and take ultimate responsibility for comprehensive risk management;
- (20) to determine the structure of internal departments and branches of the Company;

- (21) to evaluate and improve the corporate governance of the Company;
- (22) to formulate share incentive schemes;
- (23) to manage the information disclosure and investors' relation management of the Company, and assume the ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the accounting and financial reports of the Company;
- (24) to propose the appointment or dismissal of accounting firm which conducts regular statutory audits of the Company's financial reports to the shareholders' meeting;
- (25) to consider and approve, or authorize the connected transaction control committee under the board of directors to approve, connected transactions, except for those which shall be considered and approved by the shareholders' meeting as required by laws;
- (26) within the scope of approval by a shareholders' meeting, to consider and approve the 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 swap assets, writing off of assets, external donations, data governance of the Company and major decisions of legal corporations;
- (27) to consider and approve the proposals of each special committee of the board of directors;
- (28) to consider the work reports 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 ensure their effective performance of management duty;
- (29) to approve internal audit management system and regulations, medium-to-long term audit plan, annual working plan and internal audit system, determine the internal audit budget, remuneration of staff and the appointment and removal of major officers in charge, and ensure the independence of internal audit;
- (30) to assume the responsibility for the management of shareholders' affairs; and
- (31) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles and as authorized by the shareholders' meeting.



The above issues within the power of the board of directors shall be reviewed 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 the 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 141** Before the board of directors or senior management decides on material operational or managerial issues of the Company, the issue must first be submitted to the Party Committee for deliberation and discussion.

**Article 142** The board of directors shall not, without the prior approval of or consent of the shareholders' meeting, dispose or agree to dispose, of any fixed assets where the aggregate amount of the expected value of the consideration for the proposed disposition and the total value of the consideration for any disposition of any fixed assets that has been completed within four months immediately preceding the proposed disposition exceeds 33% of the value of the fixed assets as shown in the latest balance sheet reviewed by the shareholders' meeting.

For the purposes of this Article, a disposition 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 disposition transaction by the Company of its fixed assets shall not be affected by the violation of the first paragraph of this Article.

**Article 143** The board of directors shall formulate its rules of procedure, which shall be considered and approved by the shareholders' meetings, so as to ensure the efficiency and reasonable decision-making of the board of directors.

**Article 144** The chairman of the board of directors shall perform the following duties:

- (1) to preside over the shareholders' meetings and to report to the shareholders' meeting on behalf of the board of directors;
- (2) to convene and preside over the board meetings, to formulate and approve the agenda of the board meetings;
- (3) to supervise and inspect the implementation of the resolutions of the board of directors;

- (4) to sign the share certificate, bonds and other marketable securities issued by the Company;
- (5) to exercise the functions and powers in the capacity of the legal representative of the Company;
- (6) in the event of force majeure such as severe natural disasters or other emergencies, to take immediate actions in the interest of the Company and report immediately thereafter to the board of directors and the shareholders' meeting; and
- (7) 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 the Articles and as granted by the board of directors.

In the event that the chairman is unable or fails to perform his/her duties, the vice chairman shall perform his/her functions and powers 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 the majority of the directors to perform the chairman's functions and powers.

**Article 145** Board meetings are divided into regular board meetings and extraordinary board meetings.

**Article 146** 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 in writing 14 days before the meeting is convened.

**Article 147** The chairman of the board of directors shall convene an extraordinary meeting of the board of directors within 10 days from the date of receipt of the following requests:

- (1) request of the shareholders who, individually or severally, hold not less than 10% of voting rights of the Company;
- (2) request of more than one third of the directors;
- (3) request of the audit committee;
- (4) request of more than two independent directors;

- (5) request of the president; and
- (6) other circumstances as stated in laws, regulations, regulatory documents and the Articles.

The chairman shall convene an extraordinary board meeting if he/she deems necessary.

To convene an extraordinary board meeting, written notice shall be given seven days before the date of meeting. In case of emergency where an extraordinary board meeting shall be held as soon as possible, a notice shall be given by way of telephone or verbal communication at any time, provided that the convener shall explain the reasons of urgency in the meeting.

**Article 148** 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 and resolutions 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 of the contact person of the meeting.

**Article 149** 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 150** Unless otherwise provided in the 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 significant interest in any matters to be discussed, the director shall not exercise his/her voting right on the matter or exercise any voting right on behalf of any other directors. The board meeting shall only be held if a simple majority of the directors who do not have any material interest are present.

**Article 151** 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 others means of instant communication, and directors present at the meetings by such means shall be deemed to attend the meeting in person.

The Company shall record the onsite meeting of the board of directors by means of audio and video recording.

**Article 152** Resolutions of the board of directors shall be passed by a majority vote of all directors, whereas resolutions concerning the following shall be passed by two-thirds or more of all directors, and the meeting of the board of directors may not be held by way of directors signing written resolutions:

- (1) to formulate annual financial budget and final account statement of the Company;
- (2) to formulate profit distribution plan and loss recovery plan of the Company;
- (3) to increase or reduce the registered capital;
- (4) to formulate plans for capital replenishment;
- (5) merger, division, dissolution, or changes of the form of the Company;
- (6) major equity changes and financial restructuring;
- (7) to formulate plans for issuance of corporate bonds, any class of shares, warrants or other securities by the Company and listing of the Company;
- (8) to formulate plans for share repurchase plans of the Company;
- (9) to formulate amendments to the Articles;

- (10) to appoint or dismiss senior management members of the Company and determine the remuneration, performance review and award and punishment mechanism of the senior management members of the Company; to formulate remuneration package for directors;
- (11) to determine the chairman (other than the chairman of the strategic development committee) and members of each special committee under the board of directors;
- (12) to propose to the shareholders' meeting the appointment or dismissal of accounting firm which conducts regular statutory audits of the Company's financial reports;
- (13) within the scope of approval by a shareholders' meeting, to consider and approve the 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 swap assets, writing off of assets, external donations of the Company and major decisions of legal corporations;
- (14) other matters that after being passed by the board of directors as ordinary resolutions, to be of a material effects on the Company, 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' meeting; and
- (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 rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles.

**Article 153** Where a director or any of his/her associates (as defined in the Hong Kong Listing Rules) is/are materially interested in a matter to be resolved by the board meeting, such director shall abstain from voting on such resolution(s) at the board meeting, shall not vote on behalf of other director and shall not be counted as quorum of the meeting, unless otherwise as 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 material interest in the resolutions. Where less than three directors who have no material interest in the resolutions attend the board meeting, the board of directors shall submit such resolutions to the shareholder's meeting. The board of directors shall explain to the shareholders' 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 154** 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 155** 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 in writing to attend the meeting on his/her behalf, however, independent directors shall not appoint non-independent directors 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 number of board meetings attended by each director in person every year shall be no less than two-thirds of the total number of board meetings.

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.

Directors shall independently, professionally and objectively express opinions at the board meetings.

In principle, a director may be authorized by at most two directors who are not present at a meeting in person.

When deliberating a connected transaction, a director with no connection shall not authorize a director with connection to be present on his or her behalf.

**Article 156** Minutes shall be maintained for each board meeting. Both the directors (or their proxies) who attend the meeting and the minute-taker shall sign on the minutes. 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, the Articles or resolutions passed by the shareholders' 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.

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 directors present at the meeting as proxy (proxies);

- (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) proposer of each proposal;
- (6) 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 157** 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. The meeting minutes shall be kept permanently.

#### **Section 4 Board Secretary**

**Article 158** The Company shall have a board secretary who shall be appointed by the board of directors.

The board secretary appointed by the board of directors should be a natural person with the required knowledge and experiences.

**Article 159** The board secretary is a senior management member of the Company accountable 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 160** The major duties of the board secretary include the following:

- (1) to assist the directors in handling the daily work of the board of directors, to provide 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 the president in complying with the relevant laws, regulations, regulatory documents, the Articles and any other application rules when exercising their powers;
- (2) to organize and prepare the documents of shareholders' meetings and board meetings, arrange for keeping minutes of the meetings and ensure the procedures of such meetings are in compliance with the legal requirements, and monitor the implementation of the resolution by the board of directors;

- (3) to arrange and coordinate information disclosure in order to enhance 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;
- (4) to be responsible for matters in relation to investor relations, to liaise with the regulatory authorities, intermediaries, media and to coordinate public relations;
- (5) to assist the board of directors in formulating and revising documentation for corporate governance of the Company, and to establish a scientific decision making system and corporate governance procedure;
- (6) to maintain the registers of members, directors and senior management members and documents and minutes of shareholders' meetings, board meetings and meetings of special committees under the board of directors, and to ensure the availability of the relevant minutes and documents of the Company for access by people entitled thereto in a timely manner; and
- (7) to perform other duties as provided for by laws, regulations, regulatory documents, the Articles and authorized by the board of directors.

**Article 161** 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 162** 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. However, none of the president, 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 163** 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 164** Special committees including the strategic development committee, audit committee, risk management committee, nomination and remuneration committee and connected transaction control 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 in respect of professional issues in accordance with the authorization of the board of directors and assist the board of directors to perform their duties.

Each special committee shall consist of at least three members, who shall be directors with expertise and working experience commensurate with the duties of relevant special committees. In principle, the chairman of each special committee shall not be the chairman of any other special committee.

Directors acting in their capacity as the chairmen of the audit committee, risk management committee and connected transaction control committee shall work at the Company at least 20 working days each year.

**Article 165** The terms of reference of each special committee of the board of directors shall be stipulated by the board of directors.

Measures should be adopted to ensure the performance of each special committee.

**Article 166** The strategic development committee shall be chaired by the chairman of the board of directors.

The strategic development committee shall perform the following duties:

- (1) to review the general strategic development plan of the Company and make suggestions to the board of directors;
- (2) to consider the information technology development plan and other special development plans;
- (3) to review the annual operation plan and the fixed asset investment budget for approval by the board of directors;
- (4) to review the major restructuring and adjustment proposals and make suggestions to the board of directors;

- (5) to review major investment and financing proposals and make suggestions to the board of directors;
- (6) to review the major merger and acquisition proposals and make suggestions to the board of directors;
- (7) to review and assess the comprehensiveness corporate governance of the Company and make suggestions to the board of directors;
- (8) to examine the Company's ESG-related strategies, policies, objectives and material matters; oversee the implementation of ESG initiatives; review the Company's ESG disclosure reports; and make recommendations to the board of directors; and
- (9) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and as authorized by the board of directors.

**Article 167** The chairman of the audit committee shall be an independent director who is a qualified accounting professional and all members of the audit committee shall be non-executive directors. An employee director may serve on the audit committee. 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 duties;

- (1) to review significant financial policies of the Company and their implementation, and supervise financial activities of the Company;
- (2) to review the Company's financial affairs and to review the financial information and relevant disclosure of the Company;
- (3) to consider and approve the internal control evaluation proposal of the Company, and supervise and evaluate the internal control and risk management of the Company in accordance with the authorization of the board of directors;
- (4) to consider the audit budget, remuneration of staff and appointment and removal of major officers of the Company, supervise and evaluate the internal audit work of the Company and formulate medium-to-long term audit plan, annual working plan and internal audit system setting plan of the Company, and make proposals to the board of directors;

- (5) to propose the appointment or dismissal of the accounting firm engaged to perform regular statutory audit of the Company's financial reports (the "external auditor"), to supervise the work of external auditor and to review the report of the external auditor to ensure that the external auditor undertakes the audit responsibilities;
- (6) to facilitate communications and monitor relationship between the internal audit department of the Company and the external auditor;
- (7) to monitor the non-compliance of the Company in respect of financial reporting and internal control;
- (8) to submit opinions to the board of directors on changes in accounting policies or estimates, or on the correction of material accounting errors, when such changes are not attributable to amendments in accounting standards;
- (9) to propose the appointment or dismissal of the Company's chief financial officer to the board of directors;
- (10) to oversee the conduct of directors and senior management in the performance of their duties, and propose the removal of any director or senior management member who violates laws, administrative regulations, the Articles, or resolutions of the shareholders' meeting;
- (11) to demand rectification from any director or senior management member whose actions have harmed the interests of the Company;
- (12) to initiate legal proceedings against directors or senior management pursuant to the relevant provisions of the Company Law;
- (13) to propose the convening of an extraordinary shareholders' meeting, and to convene and preside over a shareholders' meeting when the board of directors is unable to perform its duties of convening and presiding over such meetings as stipulated in the Articles;
- (14) to submit proposals to the shareholders' meeting; and
- (15) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and other matters as authorized by the board of directors.

**Article 168** In principle, the proportion of independent directors in the risk management committee shall not be lower than one-third. The risk management committee shall perform the following duties:

- (1) to examine risk management strategy and risk management policies of the Company according to overall development strategic plan, and supervise their implementation and effectiveness;
- (2) to continuously supervise the effectiveness of the risk management and internal control systems of the Company;
- (3) to review overall risk management reports of the Company and supervise the deployment, structure, working procedures and effectiveness of the risk management departments; and to evaluate the risk exposure of the Company and make suggestions to the board of directors on the risk management of the Company;
- (4) to supervise the risk control of the senior management members in respect of credit, market and operation risks;
- (5) to formulate and amend the compliance policies of the Company, evaluate and supervise the compliance of the Company and make suggestions to the board of directors; and
- (6) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and other matters as authorized by the board of directors.

**Article 169** The majority of the members and the chairman of the nomination and remuneration committee shall be independent directors.

The nomination and remuneration committee shall perform the following duties:

- (1) to formulate procedures and standards for the election of directors and senior management members and make suggestions to the board of directors;
- (2) to make recommendations to the board of directors in respect of the candidates for directors, presidents and board secretary;
- (3) to make recommendations to the board of directors regarding the nomination or removal of directors and the appointment or dismissal of senior management members;

- (4) to preliminarily examine the eligibility of the candidates for directors and senior management members;
- (5) to nominate the candidates for chairmen and members of the special committees of the board of directors (other than the chairman of the strategic development committee);
- (6) to review and make recommendation on the composition of the board of directors;
- (7) to organize the formulation of remuneration package of directors and senior management members for the approval of the board of directors and propose remuneration distribution plan according to the performance appraisal of directors and senior management members for the approval of the board of directors; and
- (8) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and other matters as authorized by the board of directors.

**Article 170** In principle, the proportion of independent directors in the connected transaction control committee shall not be lower than one-third, and the chairman shall be an independent director. The connected transaction control committee shall perform the following duties:

- (1) to identify connected persons of the Company and report to the board of directors and inform the relevant parties of the Company in a timely manner;
- (2) to review management rules for connected transactions, oversee its implementation and make suggestions to the board of directors;
- (3) to conduct preliminary review on connected transactions to be approved by the board of directors or shareholders' meeting and submit to the board of directors for approval;
- (4) to consider and approve connected transactions and other matters thereof under authorization by the board of directors;
- (5) to maintain records of connected transactions;
- (6) to consider the annual management report on connected transactions to the board of directors; and
- (7) to perform other duties as provided for by laws, regulations, regulatory documents, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the requirements of the Articles, and as authorized by the board of directors.

## **CHAPTER 10 SENIOR MANAGEMENT MEMBERS**

**Article 171** The Company shall have one president, several vice presidents and assistants to the president and if necessary, other positions of senior management members such as chief risk officer and chief audit officer.

President and board secretary shall be appointed or dismissed by the board of directors, while other positions of senior management members 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 members.

The Company may, as needed, establish special committees to assist the president in performing his/her duties.

**Article 172** 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, and arrange the implementation of the resolutions of the board of directors;
- (2) to submit annual operation and investment plans of the Company on behalf of senior management members 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 departments and branches;
- (4) to formulate basic management systems of the Company in respect of internal control and compliance (except internal audit management system);
- (5) to formulate specific regulations of the Company (except internal audit rules);
- (6) to propose to the board of directors on the appointment or dismissal of vice presidents, assistants to the president and other senior management members except board secretary;
- (7) to appoint or dismiss officers other than those who shall be appointed or dismissed by the board of directors (except major officer of the internal audit department);

- (8) to assess the performance of the people in charge of internal departments and branches and determine their emoluments (except major officer of the internal audit department);
- (9) to propose to convene an extraordinary board meeting;
- (10) to conduct or authorize other senior management members, internal departments or branches or the people in charge thereof to conduct operation and management within the authorization of the board of directors;
- (11) to take emergency measures that are in the interests of the Company in the event of significant incidents or other emergencies related to the operation of the Company, and immediately report to the banking regulatory authority of the State Council and the board of directors;
- (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 the Articles and as determined by the shareholder's meeting and the board of directors.

The vice presidents, the assistant to the president and other senior management members 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 or other senior management members designated by the board of directors shall perform the duties of the president on his/her behalf.

**Article 173** The president shall report his/her work to the board of directors regularly or as required by the board of directors, satisfy any request of the board of directors or the board committees, and shall submit themselves to the supervision of the audit committee.

**Article 174** The president shall sit in at the board meetings.

**Article 175** The senior management members shall comply with laws and regulations, regulatory requirements and the Articles, and have good professional ethics, observe high standards of professional ethics, fulfil the obligations of honesty and diligence to the Company, perform their duties in good faith, due diligence and prudence, and ensure that they have sufficient time and energy to perform their duties, and shall not be negligent in performing their duties or performing their duties beyond their authority.

**Article 176** The president shall formulate rules for his/her work which shall be implemented upon approval of the board of directors.

## **CHAPTER 11 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS AND SENIOR MANAGEMENT MEMBERS**

**Article 177** The qualification of a director and senior management member of the Company shall be in compliance with the applicable laws, rules, regulations and other regulatory documents and the Articles. The qualification of directors (including independent directors) and senior management members shall be verified by the banking regulatory authority of the State Council.

**Article 178** A person may not serve as a director or any senior management member 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, where five years have not elapsed since the expiration of the execution period, or has been given a suspended sentence, where two years have not elapsed since the expiration of the probationary period;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation 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 has been publicly determined by the stock exchange of the place where the shares of the Company are listed as unsuitable to serve as a director, senior management member, or other position of a listed company, and the period has not yet expired;
- (7) a person who has been subject to market entry ban measures imposed by the China Securities Regulatory Commission, and the period has not yet expired; or



- (8) a person of whom laws, regulations, regulatory documents, the banking regulatory authority of the State Council and other regulatory bodies deem not appropriate to act as a director or senior management member.

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

**Article 179** The directors and senior management members of the Company shall comply with the laws, administrative regulations and the Articles and shall honestly perform their duties for the interests of the Company. They shall take measures to avoid conflicts between their own interests and those of the Company, and shall not exploit their positions to seek improper benefits.

The directors and senior management members shall owe the following duties of loyalty to the Company:

- (1) They shall not misappropriate the Company's assets or divert the Company's funds;
- (2) They shall not deposit the Company's funds into accounts opened under their own names or the names of any other individuals;
- (3) They shall not use their positions to offer bribes or accept any other unlawful income;
- (4) Without having reported to the board of directors and obtained approval by resolution of the board of directors or the shareholders' meeting in accordance with the Articles, they shall not directly or indirectly enter into contracts or conduct transactions with the Company;
- (5) They shall not, by taking advantage of their positions, seek business opportunities that belong to the Company for themselves or others, except where they have reported to the board of directors and obtained approval by resolution of the shareholders' meeting, or where the Company, pursuant to laws, administrative regulations, or the Articles, is unable to utilize such business opportunities;
- (6) Without having reported to the board of directors and obtained approval by resolution of the shareholders' meeting, they shall not engage in, or cause others to engage in, businesses of the same type as those of the Company;
- (7) They shall not accept any commission in connection with transactions with the Company for their own benefit;
- (8) They shall not disclose the Company's confidential information without authorization;

- (9) They shall not, by taking advantage of their connected relationships, impair the interests of the Company;
- (10) Any other duties of loyalty as provided by laws, administrative regulations, departmental rules, and the Articles.

Any income obtained by a director in violation of the provisions of this Article shall belong to the Company; where losses are caused to the Company, the director shall be liable for compensation.

Where the close relatives of the directors or senior management members, the enterprises directly or indirectly controlled by the directors, senior management members, or their close relatives, or other parties having connected relationships with the directors or senior management members, enter into contracts or conduct transactions with the Company, the provisions of item (4) of the second paragraph of this Article shall apply.

**Article 180** Each of the directors and senior management members of the Company shall comply with laws, administrative regulations, and the provisions of the Articles, and shall owe a duty of diligence to the Company. In performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company. The directors shall owe the following duties of diligence to the Company:

- (1) They shall exercise the rights granted by the Company with prudence, seriousness, and diligence to ensure that the Company's commercial activities comply with national laws, administrative regulations, and various national economic policies, and that such commercial activities do not exceed the business scope specified in the business license;
- (2) They shall treat all shareholders fairly;
- (3) They shall promptly understand the Company's business operations and management status;
- (4) They shall provide written confirmation opinions on the Company's periodic reports to ensure that the information disclosed by the Company is true, accurate, and complete;
- (5) They shall provide truthful information and materials to the audit committee and shall not obstruct the exercise of the audit committee's powers;
- (6) Any other duties of diligence as provided by laws, administrative regulations, departmental rules, and the Articles.

**Article 181** A director or senior management member of the Company may be relieved from liability for specific breaches of his duties by the informed consent of the shareholders' meeting, unless otherwise provided for in Article 58 herein.

**Article 182** Where a director or senior management member 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 or senior management member 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 or senior management member 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 or senior management member.

A director or senior management member 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 183** Where a director or senior management member 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 184** The Company shall not pay taxes for its directors or senior management members by any means.

**Article 185** 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 or senior management members, 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 and senior management members to meet expenditure incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his duties, in accordance with the terms of an employment contract approved by shareholders' 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 and senior management members 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 186** 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 and senior management members 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 187** The aforesaid guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

**Article 188** In addition to any rights and remedies provided by the laws and regulations, where a director or senior management member 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 or senior management member 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 or senior management member or with a third party (where the third party knows or should know that there is a breach of obligation by such director or senior management member);

- (3) demand a surrender of profits made by the director or senior management member in breach of his/her duties;
- (4) recover any funds received by the director or senior management member 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 or senior management member on funds that should have been paid to the Company.

**Article 189** In the contract for emoluments entered into by the Company with a director, it shall be provided that such director has the right to receive, in connection with the takeover of the Company and subject to the prior approval of the shareholders' 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 257 herein.

If any director 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 shall not be deducted from the sum distributed.

**Article 190** The Company will adopt the standard and procedures of fairness and justice for conducting the performance assessment on directors and senior management members, and establish an incentive system through which the emoluments will be linked to the Company's effectiveness and individual results.

**Article 191** Where a director or senior management member is in violation of laws, regulations, regulatory documents and the Articles and causes any loss incurred by the Company and the shareholders, such director, supervisor or senior management member shall assume the liability accordingly.

The Company may establish a liability insurance system for directors or senior management members if necessary, so as to mitigate the risks resulting from duly performing their responsibilities by directors or senior management members. After the Company purchases or renews liability insurance for directors or senior management, the board of directors shall report to the shareholders' meeting on the insured amount, coverage and premium rate of the liability insurance.

## **CHAPTER 12 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND INTERNAL AUDIT**

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

**Article 192** 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 193** The Company adopts the calendar year as the accounting year, starting on January 1 and ending on December 31 of each calendar year. The Company shall, upon termination of each accounting year, prepare its financial report in accordance with the laws, regulations and rules subject to the audit of an accounting firm in accordance with the laws.

**Article 194** The Company shall not keep any accounting book other than the statutory accounting books. The funds of the Company shall not be kept under the account set up in the name of any individual.

**Article 195** The board of directors shall at each annual shareholders' meeting submit to shareholders the financial reports prepared by the Company as required by relevant laws, regulations and regulatory documents.

**Article 196** The financial reports of the Company shall be made available at the Company for review by shareholders 20 days before the date of annual shareholders' meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this chapter.

Unless otherwise provided in the Articles, the Company shall, at least 21 days before the date of every annual shareholders' meeting, deliver by hand or by prepaid post the aforesaid 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 specified 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 aforesaid financial reports and reports of the board of directors may also be delivered to the shareholders by other means as provided for in the Articles.

**Article 197** In addition to 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 overseas 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. When distributing the after-tax profits in the fiscal year, the Company shall base on the lower of the after-tax profits in the aforesaid two financial statements.

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

**Article 198** 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 other requirements of the securities regulatory authorities of the place where the shares of the Company are listed shall be followed.

**Article 199** The capital reserves fund shall include the following items:

- (1) premium received in excess of the par value of the issued shares; and
- (2) other revenue as required by the financial authorities of the State Council to be so included.

**Article 200** The Company may distribute final or interim dividend in forms of cash and shares. Profit distribution policy of the Company shall be consistent and stable, and shall take into account of the long-term interest of the Company, the interests of the shareholders as a whole and the sustainable development of the Company. When formulating a prudent profit distribution plan, the Company shall take into comprehensive consideration factors such as its operating conditions, risk profile, capital planning, market environment, and regulatory requirements. The Company shall give priority to profit distribution in cash.

Except under special circumstances, profits distributed in cash for each year shall not be less than 10% of the net profit attributable to the shareholders of the Group for such financial year. The Company may adjust its profit distribution policy due to force majeure such as war or natural disaster, or changes in external operation environment which have material effects on the operation of the Company, or significant changes in the operation conditions of the Company. The adjustment of profit distribution policy shall be submitted by the board of directors to the shareholders' meeting for approval by special resolution.

Special circumstances refer to the prohibition of dividend distribution by laws and regulations, including but not limited to the general reserves or capital adequacy levels failing to comply with regulatory requirements.

Shareholders are entitled to receive interests payable in respect of any capital paid up for the shares before the date of payment ("Date of Payment") specified by the Company. However, shareholders may not participate in the dividend distribution declared before the Date of Payment in respect of any shares paid up prior to the Date of Payment.

**Article 201** The after-tax profits of the Company shall be distributed in the following order of priority:

- (1) offsetting the losses in previous years;
- (2) contributing 10% of them to its statutory reserve fund;
- (3) contributing to its general reserves in accordance with the applicable laws, regulations, regulatory documents and the relevant requirements of the relevant regulatory authorities of the State;
- (4) contributing to its discretionary reserves fund in accordance with the resolution of shareholders' meetings;
- (5) paying dividends to its shareholders.

No further contribution to the statutory reserves fund is required when the cumulative amount of the statutory reserves fund exceeds 50% of the registered capital of the Company.

Any distribution of the profits of the Company to any shareholders before offsetting losses or contributing to statutory reserves fund in violation of clause (1) of this Article shall forthwith be returned to the Company.

The shares held by the Company shall not be distributed as dividends. In the event of misappropriation of capital by shareholders, the Company shall deduct the cash dividends distributable to such shareholders in order to repay the misappropriated capital.

The payment of dividends on preference shares shall be subject to laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed and where the preference shares are issued or listed, and the Articles.

**Article 202** The reserves funds of the Company shall be used to cover its losses, expand the operation, or converted into the registered capital of the Company. When covering the Company's losses with reserves funds, the discretionary reserves fund and the statutory reserves fund shall be utilized first; if the losses cannot be fully covered, the capital reserves fund may be used in accordance with the applicable provisions.

When converting any reserves fund into share capital, new shares shall be distributed to shareholders in proportion to their original shareholdings. When converting any statutory reserves fund into share capital, the remaining statutory reserves fund shall be no less than 25% of its registered capital prior to such conversion.



**Article 203** Where, after making up losses in accordance with the first paragraph of Article 202 of the Articles, the Company still has losses, it may reduce its registered capital to cover such losses. Where the registered capital is reduced to cover losses, the Company shall not distribute to the shareholders, nor shall it exempt the shareholders from their obligations to make capital contributions or payments for shares.

The provisions of the first paragraph of Article 25 of the Articles shall not apply to a reduction of registered capital pursuant to the preceding paragraph, but an announcement shall be made in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date on which the resolution on the reduction of registered capital is adopted by the shareholders' meeting.

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

**Article 204** The Company shall appoint receiving agents on behalf of holders of the 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 appointed shall comply with the laws and the requirements of the stock exchanges of the place where the shares of the Company are listed.

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

For dividends that are not claimed by anyone, the Company may exercise the right of expropriation under the precondition of complying with the relevant laws and regulations of China, but the right shall be exercised only after the expiration of the applicable period.

The Company shall send dividend warrants to shareholders by mail directly or through the proxy. The Company shall have the right to terminate sending dividend warrants to shareholders by mail after a dividend warrant fails to be redeemed for two consecutive occasions. However, the Company can exercise the right after the first occasion on when such a dividend warrant is returned undelivered.

The Company shall have the right to sell the shares of shareholders of overseas listed shares who are untraceable in a way deemed appropriate by the board of directors, provided the following conditions are met:

- (1) the Company has distributed dividends at least three times to such shares within 12 years, and the dividends are not claimed by anyone 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.

## **Section 2 Internal Audit**

**Article 205** The Company shall establish an internal audit system and staff full time auditing professionals to conduct independent supervision, inspection and assessment on the financial income and expenses, business activities, risk exposure and internal control of the Company, and report any material matters found in the course of auditing to the board of directors or the audit committee of the board of directors.

The board of directors of the Company shall be responsible for approving internal audit basic management system and regulations, medium-to-long term audit plan, annual working plan and internal audit system, determining internal audit budget, remuneration of staff and the appointment and removal of major officers and ensuring the independence of internal audit.

**Article 206** The senior management members 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, in need of the internal audit, promptly provide the internal audit department with materials and information in relation to the financial position, risk exposure and internal control of the Company, and shall not hinder or impede the internal audit department from conducting audit within its scope of duties.

## **CHAPTER 13 APPOINTMENT OF AN ACCOUNTING FIRM**

**Article 207** 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 audit committee shall monitor the independence and effectiveness of external audit.

**Article 208** The term of office of the accounting firm appointed by the Company shall commence from the conclusion of the annual shareholders' meeting at which the appointment is made and shall end at the conclusion of the next annual shareholders' meeting.

**Article 209** 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' 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' meeting.

**Article 210** The board of directors shall fill any casual vacancy in the office of the accounting firm before the convening of shareholders' meeting subject to the approval of the following annual shareholders' meeting. If the Company has other serving accounting firm, such accounting firm shall continue to perform its duties as long as the vacancy remains unfilled.

**Article 211** Notwithstanding the terms of contract between an accounting firm and the Company, the shareholders' 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 212** The emoluments or the basis of emoluments of the accounting firm shall be determined by the shareholders' meeting. The emoluments of the accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 213** The appointment and dismissal of an accounting firm by the Company shall be resolved at shareholders' meeting.

The shareholders' 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' 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 of meeting in accordance with the Articles.
- (3) if the statement of the accounting firm is not delivered in accordance with item (2) above, the relevant accounting firm may request such statement to be read at the shareholders' meeting and may make further appeals.
- (4) the accounting firm leaving its post shall be entitled to attend the following meetings:
  - (i) the shareholders' meeting at which its term of service would otherwise have expired;
  - (ii) the shareholders' meeting for filling the vacancy caused by its dismissal; and
  - (iii) the shareholders' 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.

**Article 214** The Company shall notify the accounting firm in advance before the dismissal of such accounting firm. The accounting firm shall be allowed to present its view at the shareholders' meeting at which the dismissal is considered. Where the accounting firm resigns, it shall be requested by the Company to explain to the shareholders' 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 item (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 meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

## **CHAPTER 14 STAFF MANAGEMENT**

**Article 215** 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 216** 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 217** The Company adopts a labour contract system for all staff, management personnel and technicians according to its operation and management needs.

The Company shall establish a scientific and reasonable remuneration system which gives due consideration to development strategies, risk management, overall benefits, job responsibility, social responsibility, and corporate culture. The Company shall establish a performance appraisal mechanism with comprehensive scientific indicators and clear and standardised procedures; establish a performance-based salary deferred payment and recourse deduction system; continuously improve the overall remuneration and welfare levels of the staff in tandem with management and efficiency enhancement.

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 218** 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 219** 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 15 MERGER AND DIVISION**

**Article 220** The Company may undertake merger or division in accordance with the laws. Any merger and division of the Company shall be in compliance with the requirements of laws and regulations, including the Company Law.

**Article 221** Where the Company undertakes the merger or division, it shall be proposed by the board of directors and adopted by the shareholders' meeting through procedures stipulated in the 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.

**Article 222** The merger of the Company may take the form of merger of absorption or merger by establishment of a new company.

**Article 223** 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 or on the National Enterprise Credit Information Publicity System 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 224** 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 225** Where the Company is divided, its property shall be divided correspondingly.

Where the Company is divided, the parties to the division shall 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 or on the National Enterprise Credit Information Publicity System within 30 days.

**Article 226** 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 227** 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.

## CHAPTER 16 DISSOLUTION AND LIQUIDATION

**Article 228** In any of the following circumstances, the Company may be dissolved in accordance with the laws:

- (1) dissolution as resolved by a shareholders' 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; 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 229** Where the Company is dissolved in accordance with item (1) or (5) of Article 268, 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' meeting.

Where the Company is dissolved in accordance with item (3) of Article 268, 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 Article 268, 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 230** 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' 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' 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' meeting and report at least once a year to the shareholders' meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report before the shareholders' meeting on completion of the liquidation.

**Article 231** 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 distribute 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 232** The liquidation committee shall give notices to the creditors within 10 days after its establishment and issue announcements in the newspaper or on the National Enterprise Credit Information Publicity System 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 233** 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' 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 its debts are settled pursuant to the preceding paragraph.

**Article 234** 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 bankruptcy liquidation.

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

**Article 235** After the completion of liquidation, the liquidation committee shall prepare a liquidation report for the approval by the shareholders' meeting or the people's court, and submit it to the company registration authority to apply for deregistration of the Company.

**Article 236** Members of the liquidation committee shall perform their liquidation duties and are obligated to act with loyalty and due diligence.

Members of the liquidation committee who neglect to perform their liquidation duties and cause losses to the Company shall be liable for compensation; if they cause losses to creditors due to intentional misconduct or gross negligence, they shall also be liable for compensation.

**Article 237** 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 17 NOTICE**

**Article 238** Notices of the Company may be given in one or more of the following ways:

- (1) by hand;
- (2) by post;
- (3) by facsimile;
- (4) by electronic mail;

- (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) by way of an announcement made on newspapers or other designated media;
- (7) 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
- (8) other ways which are recognized by the securities regulatory authorities of the place where the shares of the Company are listed or stipulated in the Articles.

Notwithstanding any provisions in the 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' meeting, circular and other communication documents.

**Article 239** Where the securities regulatory authorities of the place where the shares of the Company are listed requests that the Company 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 240** 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 18 ALTERATIONS TO THE ARTICLES OF ASSOCIATION**

**Article 241** The Company may amend the Articles in accordance with the laws, regulations and the Articles.

**Article 242** The Company shall amend the Articles in any of the following circumstances:

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

**Article 243** Any amendments to the Articles which are subject to approval by relevant authorities shall be filed to the relevant authorities for approval. Where an amendment to the Articles shall be subject to registration, the Company shall register such amendments in accordance with the laws.

**Article 244** The board of directors shall amend the Articles in accordance with the resolution and authorization in relation to the amendments to the Articles passed at a shareholders' meeting and the opinion given by the relevant authorities of the State and shall register the amendments with the competent authority.

## **CHAPTER 19 SETTLEMENT OF DISPUTES**

**Article 245** The Articles shall be binding upon the Company and its shareholders, directors and senior management members. All of the above persons may make claims related to matters of the Company in accordance with the Articles.

Pursuant to the 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 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 246** The Company follows the following rules for settlement of dispute:

- (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 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 the 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 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 20 SPECIAL PROVISIONS ON PREFERENCE SHARES

**Article 247** Unless otherwise specified in laws, administrative regulations, departmental rules, regulations of the securities regulatory authorities in the place where the shares of the Company are listed and this Chapter, the rights and obligations of holders of preference shares and management of preference shares shall be governed by the provisions relating to ordinary shares in the Articles.

**Article 248** The number of preference shares issued by the Company shall not exceed 50% of the total number of ordinary shares of the Company, and the capital raised from the issuance of preference shares shall not be more than 50% of the net assets value of the Company prior to the relevant issuance (excluding the preference shares that have been redeemed or converted).

The transfer of the Company's preference shares shall comply with applicable laws, regulations, departmental rules, regulatory documents, and the relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed, and shall be subject to the provisions set forth in the offering documents.

**Article 249** The Company formulates terms governing the mandatory conversion of the preference shares into ordinary shares, namely, upon the occurrence of certain trigger events, the Company shall convert the preference shares into ordinary shares in accordance with the conversion price and conversion amount as determined at the time of issuance of the preference shares. In circumstances when the preference shares shall be mandatorily converted into ordinary shares, the Company shall report such conversion to banking regulatory authorities under the State Council for review and approval.

**Article 250** The preference shares issued by the Company shall not have any put option. Subject to the approval of the banking regulatory authorities under the State Council and upon compliance with the relevant requirements, the Company has the right to redeem all or part of the preference shares after the fifth year (inclusive) following the date of the relevant issuance of the preference shares or in circumstances acknowledged by such regulatory authorities as the banking regulatory authorities under the State Council. The redemption period of the preference shares commences on such date as agreed upon at the time of issuance of the preference shares and ends on the date of redemption or conversion of all the preference shares. The Company shall write down the total amount of outstanding preference shares after the Company redeems the preference shares.

The exercise by the Company of its right to redeem the preference shares shall be subject to the fulfilment of the following conditions:

- (1) the Company shall use capital instruments of the same or superior quality to replace the preference shares to be redeemed and such replacement shall only be made at a time at which the Company has a sustainable income generating capability; or

- (2) the capital position of the Company after redemption of the preference shares will remain significantly higher than the regulatory capital requirements prescribed by the banking regulatory authorities under the State Council.

The redemption price of preference shares will be an amount equal to the issue price plus the amount of dividend declared but unpaid for the current period.

**Article 251** Holders of preference shares of the Company shall enjoy the following rights:

- (1) to receive distribution of dividends in priority to ordinary shareholders;
- (2) to receive distribution of residual assets of the Company on liquidation in priority to ordinary shareholders;
- (3) upon the occurrence of the circumstances provided in Article 253, to attend and vote at shareholders' meetings;
- (4) upon the occurrence of the circumstances provided in Article 254, to have its voting rights restored in accordance with the requirements of that article;
- (5) to make proposals or inquiries in relation to the business operations and activities of the Company;
- (6) to inspect and copy the Articles, register of members, minutes of shareholders' meetings, resolutions of meetings of the board of directors, and financial reports; and
- (7) other rights conferred to holders of preference shares by laws, administrative regulations, departmental rules and the Articles.

**Article 252** Only votes of ordinary shares and votes of preference shares with restored voting rights shall be counted when calculating the proportion of shares held by the shareholders in the event of the following:

- (1) a request to convene an extraordinary shareholders' meeting;
- (2) a request to convene and preside over a shareholders' meeting;
- (3) a request to submit a proposal or an interim proposal to a shareholders' meeting;
- (4) a request to nominate the directors of the Company;

- (5) identifying controlling shareholder(s) according to the relevant provisions of the Articles;
- (6) identifying the restrictions relating to the appointment of independent directors of the Company according to the relevant provisions of the Articles;
- (7) identifying the 10 largest shareholders of the Company and the number of shares held by them and the shareholder(s) holding 5% or more of the shares of the Company in accordance with the Securities Law and relevant regulations; and
- (8) other circumstances provided under laws, administrative regulations, departmental rules and these Articles.

**Article 253** The holders of the preference shares are not entitled to attend any shareholders' meeting of the Company nor do the preference shares carry any voting rights in any shareholders' meeting other than in the following circumstances:

- (1) amendments to the Articles that relate to preference shares;
- (2) reduction of the registered capital of the Company by more than 10% on a single or aggregate basis;
- (3) merger, division, dissolution or change of corporate form of the Company;
- (4) issuance of preference shares by the Company; and
- (5) other events specified in laws, administrative regulations and departmental rules and the Articles.

On the occurrence of any of the above circumstances, the Company shall notify holders of preference shares of the shareholders' meeting and follow the notice procedures to ordinary shareholders as provided under the Articles. The holders of the preference shares are entitled to vote at a separate class meeting with respect to the above matters and each preference share shall have one vote, however, preference shares held by the Company do not entitle the Company to vote.

Resolutions relating to the above matters shall be approved by more than two-thirds of the votes held by ordinary shareholders present at the meeting (including holders of preference shares with restored voting rights) and by more than two-thirds of the votes held by holders of preference shares present at the meeting (excluding holders of preference shares with restored voting rights).



**Article 254** In the event that the Company fails to pay the prescribed dividend to the holders of preference shares for three financial years in aggregate or two consecutive financial years, the holders of preference shares shall have the right to attend and vote at the shareholders' meetings together with ordinary shareholders from the day immediately after the shareholders' meeting resolves that the Company will not pay the prescribed dividend for the current dividend period. The voting rights of the holders of preference shares will remain restored until the Company pays the current period dividend in full.

The formula for calculating the voting rights of the preference shares with restored voting rights is as follows:  $Q = V/P \times \text{conversion exchange rate}$ , with any fractional restored voting right rounded down to the nearest whole number. Where: "Q" denotes the H share voting rights restored from the preference shares held by each preference shareholder; "V" denotes the aggregate value of the preference shares with restored voting rights held by each preference shareholder; "P" denotes the conversion price, which equals to the initial mandatory conversion price of the preference share; and the "conversion exchange rate" refers to the cross rate between Hong Kong dollars and the currency in which the preference shares are denominated based on the RMB Central Parity Rate published by the China Foreign Exchange Trading System on the trading date preceding the date of the announcement of the board of directors' resolution in respect of the issuance plan for preference shares.

The other provisions of the Articles concerning the restrictions on the shareholders' voting rights shall prevail, if any.

**Article 255** The dividend rate for the issued and outstanding preference shares of the Company may be adjusted at different intervals and consists of the benchmark rate and the fixed spread. During a specified period after issuance of the preference shares, the dividend rate will remain the same and may be adjusted once every certain interval, and during any adjusted dividend rate period, the dividend rate will remain the same.

Holders of the preference shares shall rank in priority to the ordinary shareholders in terms of distribution of the Company's profits and the preference shares shall be entitled to the dividend rate and distribution of profits in accordance with the agreed terms. Dividends to the holders of the preference shares shall be payable in cash. Before the agreed dividends to preference shares are distributed and the discretionary reserves fund is withdrawn as determined by the shareholders' meeting, no profit may be distributed to the ordinary shareholders in accordance with Article 242 hereof.

After receiving the dividends at the prescribed dividend rate, the holders of preference shares shall not be entitled to any distribution of residual profits of the Company together with the ordinary shareholders. The Company shall have the right to cancel dividends in whole or in part and this will not constitute an event of default. Any amount of dividends not paid to the holders of preference shares in full by the Company will not be accumulated to the following dividend period.

**Article 256** In the event of liquidation of the Company as a result of dissolution, bankruptcy or other reasons, the remaining assets of the Company after liquidation in accordance with laws, administrative regulations, departmental rules and the Articles shall be distributed first to the holders of preference shares. Holders of preference shares will be entitled to an amount equal to the aggregate value of the preference shares then issued and outstanding plus any declared but unpaid dividends for the current period. If there are insufficient remaining assets, the distribution will be made ratably according to the aggregate value of the preference shares held by each preference shareholder as a proportion of the aggregate value of all preference shares of the Company.

## **CHAPTER 21 SUPPLEMENTAL PROVISIONS**

### **Article 257** Definitions

(1) “Controlling shareholder” shall be any person who meets any of the following conditions:

1. a person who when acting alone or in concert with others may elect not less than half of the directors;
2. 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;
3. a person who when acting alone or in concert with others holds 30% or above of the issued shares of the Company; and
4. 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 connected 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 is entitled to the de facto control of the Company through investment relationships, agreement or other arrangements.

- (3) A “Substantial shareholder” refer to a shareholder who can directly, indirectly, or jointly hold or control more than 5% of the shares or voting rights of the Company, or who holds less than 5% of the total capital or total shares but has a significant influence upon the operations and management of the Company. The “significant influence” above includes, but is not limited to, appointing directors or senior management to the Company, affecting the Company’s decision-making on financial and operational management affairs through agreement or by other means, and other circumstances identified by the banking regulatory authority of the State Council or its local branches.
- (4) “Connected relationship” means the relationship between the controlling shareholders, de facto controllers, directors 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 connected 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) A “party acting in concert” means a related investor who, by agreement or other arrangement, achieves concerted act with another investor through the acts or facts of jointly expanding the number of voting rights carried by shares of the Company at its disposal.
- (6) An “ultimate beneficiary” means a person who is effectively entitled to the benefit from the Company’s shareholding.
- (7) “Onsite meeting” means a meeting held by means of on-site, video, telephone, etc., which ensures immediate communication and discussion among participants.
- (8) “Correspondence” means the meeting method in which resolution is made by separately serving it for consideration or circulating it for consideration.
- (9) 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’ meeting to the board of directors and by the board of directors to the president.
- (10) For purposes of the Articles, an “accounting firm” has the same meaning as an “auditor” and “related” has the same meaning as “connected” as defined in the Hong Kong Listing Rules.
- (11) Reference to any article stated herein shall mean the corresponding article of the Articles unless the context otherwise requires.

**Article 258** Unless otherwise requires herein and subject to any discrepancies, for the purpose of the 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 259** The 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 the 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.

The 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 260** The Articles shall be interpreted by the board of directors.