

ZHONGTAI FUTURES Company Limited

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

Articles of Association

**Approved at the Company's Annual General Meeting of 2021 held on 28 June 2022 and
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ZHONGTAI FUTURES Company Limited

Articles of Association

Chapter 1: General Provisions

Article 1 In order to safeguard the legitimate rights and interests of ZHONGTAI FUTURES Company Limited (the “Company”) and its shareholders and creditors, and to regulate the organization and acts of the Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China (the “Securities Law”), Constitution of the Communist Party of China, State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Opinions on the Revisions and Supplements to Articles of Association of Companies to be Listed in Hong Kong (the “Revisions and Supplements to the MP”), Guidelines on Articles of Association of Listed Companies (2016 Amendment) (the “Guidelines”), the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Hong Kong Listing Rules”), the Regulations Governing Futures Trading, the Measures Governing the Supervision of Futures Companies as well as other laws, regulations and regulatory documents.

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

The Company is a joint stock limited company wholly reorganized and established by way of sponsorship jointly by all the former shareholders, and was registered with the Administration for Industry and Commerce of Shandong Province on December 10, 2012. The Company’s unified social credit code is 91370000614140809E.

The sponsors of the Company are Zhongtai Securities Co., Ltd., Yongfeng Group Co., Ltd., Shandong State-owned Assets Investment Holdings Co., Ltd., Jinan Energy Investment Co., Ltd., Linglong Group Co., Ltd. and Sanya Shengli Investment Co., Ltd.

Article 3 The Company's registered Chinese name: 中泰期貨股份有限公司
The Company's registered English name: ZHONGTAI FUTURES Company Limited
English abbreviation: ZHONGTAI FUTURES Co., Ltd.

Article 4 The registered address of the Company: 15–16F, No. 86 Jingqi Road,
Shizhong District, Jinan
Postal code: 250001
Telephone number: 0531-81678699
Facsimile number: 0531-81916777

Article 5 The chairman of the board of directors shall be the Company's legal representative.

Article 6 The Company is a joint stock limited company of perpetual existence.

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

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

Article 7 The Articles of Association are adopted by a special resolution at the shareholders' general meeting of the Company, approved by relevant departments of the PRC, and shall become effective on the date when the overseas listed foreign shares are listed on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") and replace the Articles of Association which have been formerly registered and filed with the Administration for Industry and Commerce.

From the date on which the Articles of Association come into effect, the Articles of Association shall become a legally binding document which regulates the Company's organization and acts as well as the rights and obligations between the Company and the shareholders, and among the shareholders.

Article 8 The Articles of Association are binding on the Company and its shareholders, directors, supervisors and senior management officers, all of whom have the rights to make claims on any matters of the Company pursuant to these Articles of Association.

Without violating the provisions of Article 229 of the Articles of Association, a Shareholder may take legal action against the Company pursuant to these Articles of Association; the Company may take legal action against any Shareholder, director, supervisor and senior management officer pursuant to these Articles of Association; a Shareholder may take legal action against other Shareholders pursuant to these Articles of Association; a Shareholder of the Company may take legal action against the Directors, Supervisors and senior management officers of the Company pursuant to these Articles of Association.

The legal action as referred to in the preceding paragraph includes applications to competent courts or arbitration tribunals.

The senior management officer(s) as referred to in the preceding paragraph includes the general manager, deputy general manager, the person in charge of financial matters, chief risk officer, general legal counsel, secretary to the board of directors, and other personnel identified by the CSRC or its local agencies, or confirmed by resolutions of the Company's board of directors.

Article 9 Upon the approval of relevant government departments, the Company may set up subsidiaries or branch institutions such as branches, representative offices and offices in a foreign country or in Hong Kong, Macau Special Administrative Regions and Taiwan area, in line with its needs for business development.

Article 10 The Company may invest in other enterprises provided that it shall not become an investor that shall bear joint and several liabilities for the debts of the enterprises in which it invests, unless otherwise provided by law.

Chapter 2: The Company's Objectives and Scope of Business

Article 11 The Company's objectives shall be to comply with national laws and regulations, industry self-discipline rules as well as various financial policies, build a futures industry culture of "compliance, integrity, professionalism, steadiness and responsibility", and insist on "compliance and risk control first, customer interests first, talent value first, innovation and development first", serve the capital market, and create value for shareholders, customers, employees and the society, protect the legitimate rights and interests of investors, actively perform social responsibilities, and promote high-quality development of the economy.

Article 12 The business scope of the Company shall be limited to activities approved by the CSRC and its resident agencies and registered with the industrial and commercial administrative authorities according to law.

The Company's scope of business includes: commodity futures brokerage, financial futures brokerage, futures investment consultancy and asset management.

The Company may change its scope of business according to law in line with the needs for its own development.

Chapter 3: Shares, Share Transfer and Registered Capital

Article 13 There must, at all times, be ordinary shares of the Company. Subject to the approval of the company's approving authority authorized by the State Council, the Company may, in line with its needs, create different classes of shares.

Article 14 The equities of the Company shall be represented by shares. The shares issued by the Company shall each have a par value of Renminbi one yuan.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.

Article 15 An open, fair and just principle shall be adopted in the issuance of shares of the Company. Each share of the same class shall have equal rights.

For the same class of shares under the same issuance, the conditions of issuance and issuing price each share shall be the same. Any unit or individual that subscribes for any such share shall pay the same price for each such share.

Article 16 Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and foreign investors.

"Foreign investors" referred to in the preceding paragraph mean those investors who subscribe for the Company's shares and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. "Domestic investors" mean those investors who subscribe for the Company's shares and who are located within the territory of the PRC excluding the regions mentioned above.

Article 17 Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as overseas listed foreign shares.

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

Overseas listed foreign shares of the Company listed in Hong Kong shall be referred to as “H shares”. H shares are shares which have been admitted for listing on the HK Stock Exchange, the par value of which is denominated in Renminbi, and which are subscribed for and traded in Hong Kong dollars. Subject to approval by the State Council or the agencies authorized by the State Council, and with the consent of the HK Stock Exchange, domestic shares may be converted into H shares.

The holders of domestic shares of the Company may transfer their shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities regulatory authorities of the State Council. To list or trade the transferred shares on an overseas stock exchange shall also be subject to the regulatory procedures, rules and requirements of the overseas stock market. There shall be no need to convene a class meeting of shareholders for voting on the listing or trading of the transferred shares on an overseas stock exchange.

Article 18 As approved by the companies approving authorities, the total number of ordinary shares issued by the Company to its sponsors at the time of its establishment was 750,000,000 shares, including 656,079,000 shares subscribed and held by Zhongtai Securities Co., Ltd., representing 87.4772% of the total number of ordinary shares of the Company in issue; 35,156,250 shares subscribed and held by Yongfeng Group Co., Ltd., representing 4.6875% of the total number of ordinary shares of the Company in issue; 23,437,500 shares subscribed and held by Shandong State-owned Assets Investment Holdings Co., Ltd., representing 3.125% of the total number of ordinary shares of the Company in issue; 11,889,750 shares subscribed and held by Jinan Energy Investment Co., Ltd., representing 1.5853% of the total number of ordinary shares of the Company in issue; 11,718,750 shares subscribed and held by Linglong Group Co., Ltd., representing 1.5625% of the total number of ordinary shares of the Company in issue; and 11,718,750 shares subscribed and held by Sanya Shengli Investment Co., Ltd., representing 1.5625% of the total number of ordinary shares of the Company in issue.

Article 19 Upon the approval of the securities regulatory authorities of the State Council and the HK Stock Exchange, the Company may issue not more than 250,000,000 ordinary shares (including 287,500,000 shares if the over-allotment option is exercised). All of such ordinary shares shall be H shares. The final size of the issuance shall be adjusted by the Company in line with the capital market environment and the Company's financing goals. Shareholders of the state-owned shares of the Company will transfer to the National Council for Social Security Fund ("NSSF") no more than 25,000,000 state-owned shares (expected to be no more than 28,750,000 shares if the over-allotment option representing 15% of the total number of new shares to be issued is exercised in full) in accordance with the regulations on reduction of the state-owned shares, upon issuance of overseas listed shares.

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

Upon completion of the issuance of the overseas listed foreign shares as aforementioned, the shareholding structure of the Company shall be as follows: 632,176,078 shares held by Zhongtai Securities Co., Ltd., representing 63.10% of the total share capital of ordinary shares; 35,156,250 shares held by Yongfeng Group Co., Ltd., representing 3.51% of the total share capital of ordinary shares; 22,583,601 shares held by Shandong State-owned Assets Investment Holdings Co., Ltd., representing 2.25% of the total share capital of ordinary shares; 11,456,571 shares held by Jinan Energy Investment Co., Ltd., representing 1.14% of the total share capital of ordinary shares; 11,718,750 shares held by Linglong Group Co., Ltd., representing 1.17% of the total share capital of ordinary shares; 11,718,750 shares held by Sanya Shengli Investment Co., Ltd., representing 1.17% of the total share capital of ordinary shares; and 277,090,000 shares held by holders of H shares, representing 27.66% of the total share capital of ordinary shares.

Article 20 The Company's board of directors may implement, through separate offerings, the proposal for the issuance of overseas listed foreign shares and domestic shares upon approval by the securities regulatory authorities of the State Council.

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

Article 21 Where the total number of shares stated in the proposal for the issuance of shares includes overseas listed foreign shares and domestic shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for at their respective offerings due to special circumstances, the shares may, subject to the approval of the securities regulatory authorities of the State Council, be issued in separate tranches.

Article 22 The Company has registered capital of RMB750 million prior to the issuance of H shares. Upon completion of the issue of the aforesaid H shares, and assuming the over-allotment option is not exercised, the registered capital of the Company shall be RMB1,000,000,000; and upon completion of the issue of the H shares, the registered capital of the Company shall be RMB1,001,900,000. The Company shall, based on the actual issuance, handle relevant registration procedures for any changes in its registered capital at the original administration for industry and commerce, and report the same to the securities regulatory authorities of the State Council for filing.

Article 23 The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital through the following means:

- (1) offering new shares to non-specially-designated investors for subscription;
- (2) issuing new shares to specially-designated investors and/or its existing shareholders;
- (3) allotting bonus shares to its existing shareholders;
- (4) converting capital reserve into share capital; or
- (5) any other means permitted by laws and administrative regulations and any other means approved by the securities regulatory authorities of the State Council.

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

Article 24 Unless otherwise stipulated in the relevant laws or administrative regulations or by the HK Stock Exchange, shares of the Company may be freely transferred and shall be free from all liens.

Article 25 The Company does not accept its own shares as the subject matter of a pledge.

Article 26 Shares of the Company held by the sponsors shall not be transferable within one year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering shall not be transferable within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange.

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

Article 27 Any gains from the sale of shares of the Company held by the Company's directors, supervisors, senior management officers, or shareholders holding not less than 5% of the shares of the Company within six months after purchasing such shares, or from the purchase of shares of the Company within six months after selling such shares, shall be vested in the Company, and such gains shall be forfeited by the board of directors of the Company. If the restrictions on the transfer of shares provided herein relates to H shares, compliance with the relevant requirements under the Hong Kong Listing Rules shall be required. However, if a securities company undertakes unsold shares, thereby holding not less than 5% of the shares, the sale of these shares shall not be subject to the said six-month restriction.

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

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

Chapter 4: Reduction of Capital and Repurchase of Shares

Article 28 The Company may reduce its registered capital. The reduction of the registered capital shall be in compliance with the Company Law, the Measures Governing Futures Companies and other relevant regulations and the procedures provided in the Articles of Association.

Article 29 The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days of the date of the resolution for reduction of registered capital and shall publish an announcement in a newspaper designated by any stock exchange on which the shares of the Company are listed within thirty days of the date of such resolution. A creditor shall have the right within thirty days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five days of the date of the announcement, to require the Company to repay its debts or to provide a corresponding guarantee.

The Company's registered capital after the capital reduction shall not be less than the minimum amount prescribed by law.

Article 30 The Company may, in accordance with the procedures set out in the Articles of Association and subject to the approval of the relevant competent authorities of the PRC, repurchase its issued shares under the following circumstances:

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

(7) other circumstances permitted by laws and administrative regulations.

Other than the above-mentioned circumstances, the Company shall not engage in any activities for the purchase or sale of its shares.

Article 31 Due to the reasons specified in subparagraphs (1), (2) or (4) of paragraph 1 of Article 30 of the Articles of Association, the Company may, upon the approval of the relevant competent authorities of the PRC, repurchase its shares in one of the following ways:

- (1) making a pro rata general offer of repurchase to all its shareholders;
- (2) repurchasing shares through public trading on a stock exchange;
- (3) repurchasing by an off-market agreement; or
- (4) other ways as approved by the relevant regulatory authorities.

Due to the reasons specified in subparagraphs (3), (5) or (6) of paragraph 1 of Article 30 of the Articles of Association, the Company may, upon the approval of the relevant supervisory authorities of the PRC, should adopt public centralized trading for those purposes.

Article 32 The Company shall obtain prior approval of the shareholders at a shareholders' general meeting in accordance with the provisions of the Articles of Association before it repurchases its shares by means of an off-market agreement. The Company may, by obtaining prior approval of the shareholders at a shareholders' general meeting in the same manner, discharge or vary a contract which has been entered into in the aforesaid manner, or waive its rights thereunder.

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

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

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

Article 33 The repurchase of shares by the Company due to reasons in subparagraphs (1) and (2) of paragraph 1 of Article 30 shall be subject to approval at a shareholders' general meeting. The repurchase of the Company's shares for the reasons specified in subparagraphs (3), (5) and (6) of paragraph 1 of Article 30 of the Articles of Association shall be approved by a board meeting attended by more than two-thirds of the directors. Shares of the Company acquired by the Company under paragraph 1 of Article 30 shall be cancelled within ten days from the date of acquisition for circumstances under subparagraph (1); for circumstances under subparagraphs (2) and (4), the shares shall be transferred or cancelled within six months. For circumstances under subparagraphs (3), (5) and (6), the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company and shall be assigned or cancelled within three years.

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

Article 34 Unless the Company is in the course of liquidation, it shall comply with the following provisions in the repurchase of its issued shares:

- (1) where the Company repurchases shares at par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares;
- (2) where the Company repurchases shares at a premium to its par value, payment up to the par value may be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares. Payment of the portion in excess of the par value shall be effected as follows:
 - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;

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

Chapter 5: Financial Assistance for Acquisition of Shares of the Company

Article 35 The Company or its subsidiaries shall not, at any time and by any means, provide a person who acquires or intends to acquire the shares of the Company with any financial assistance. The said person who purchases shares of the Company shall include a person who directly or indirectly assumes obligations due to the acquisition of the shares of the Company.

The Company or its subsidiaries shall not, at any time and by any means, provide the said obligor with financial assistance for the purpose of reducing or discharging the obligations assumed by the said obligor.

This provision shall not apply to the circumstances as stated in Article 37 of this Chapter.

Article 36 The financial assistance as referred to in this Chapter includes, but is not limited to, the following:

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

The expression "assumes obligations" as referred to in this Chapter includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be assumed by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor's financial position.

Article 37 The following acts shall not be taken as acts prohibited by Article 35 of this Chapter:

- (1) the provision of financial assistance by the Company in good faith for the benefit of the Company, the principal purpose of which is not for the acquisition of shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) the lawful distribution of the Company's property as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;

- (5) the provision of loan by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced, or even if the assets are thereby reduced, the financial assistance is paid out of the distributable profits of the Company); and
- (6) the provision of money by the Company for employee stock ownership plans (provided that the net assets of the Company are not thereby reduced, or even if the assets are thereby reduced, the financial assistance is paid out of distributable profits of the Company).

Chapter 6: Party Organizations

Article 38 In accordance with the provisions of the Constitution of the Communist Party of China, the Company shall establish Party Organizations and related administrative organs, and maintain staffing to handle Party affairs. As approved by the Party Committee of Zhongtai Securities Co., Ltd., the Company has established the Communist Party Committee of ZHONGTAI FUTURES Company Limited (中共中泰期貨股份有限公司委員會) (the “Party Committee of the Company”) and the Communist Party Commission for Discipline Inspection of ZHONGTAI FUTURES Company Limited (中共中泰期貨股份有限公司紀律檢查委員會) (the “Party Commission for Discipline Inspection of the Company”). The numbers of secretaries, deputy secretaries and members of the Party Committee of the Company and the Party Commission for Discipline Inspection of the Company shall be determined with the approval of higher Party Organizations, and shall be elected or appointed in accordance with the relevant provisions of the Constitution of the Communist Party of China, the Provisional Regulations on the Election of Grass-root Organizations of the Communist Party of China and Working Rules of Basic Organizations of the State-owned Enterprises of the Communist Party Committee of China (Trial)* (《中國共產黨國有企業基層組織工作條例(試行)》), etc. The Party Organization of the Company is under the Communist Party Committee of Zhongtai Securities Co., Ltd.

Article 39 The Party Committee of the Company shall establish the Party Work Department and maintain sufficient staffing to handle Party affairs. The Party Commission for Discipline Inspection of the Company shall establish a Work Department for Discipline Inspection and shall maintain staffing for discipline inspection work. The Company’s working units of Party Committee and its staffing shall be included into the Company’s management organization and establishment, while the budget for Party organization work shall be included into the Company’s budget and charged to the Company’s administrative expenses.

Article 40 The Party Committee of the Company shall establish branch committees of the Party in accordance with the relevant provisions, and establish robust grass-root Party Organizations and carry out Party activities, as well as conducting regular general elections in accordance with the Provisional Regulations on the Election of Grass-root Organizations of the Communist Party of China (《中國共產黨基層組織選舉工作暫行條例》) and Working Rules of Basic Organizations of the State-owned Enterprises of the Communist Party Committee of China (Trial)* (《中國共產黨國有企業基層組織工作條例(試行)》).

Article 41 The Party Committee of the Company shall play a leading role, insist on concurrent scheming, planning, implementation, appraisal of both party-building and operation in accordance with the general requirement of “lead the general direction, control the general situation and promote successful implementation”, discussing and making decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:

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

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

Article 42 The Company shall establish and improve relevant rules and regulations, adopt “List Management”, which shall explicitly separate the responsibilities of the Party Committee of the Company and the general meeting, board of directors, Supervisory Committee and the management, and include the organizational mechanism, division of duties, staffing, tasks and budget of the Party Committee of the Company into the management structure, the management system and scope of duties, establishing an effectively balanced corporate governance mechanism with separating duties and responsibilities as well as coordinating operation.

Article 43 The Company shall establish a decision-making mechanism of the Party Committee, which shall explicitly set out the scope and procedures for the decision-making and participation in decision-making on major issues by the Party Committee of the Company. Study and discussion by the Party Committee of the Company are the preceding procedures for decision-making on major issues by the board of directors and the management. Major operational and administrative issues must first be studied and discussed by the Party Committee of the Company, and then be decided by the board of directors or the management.

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

Chapter 7: Share Certificates and Register of Shareholders

Article 44 Share certificates of the Company shall be in registered form.

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

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

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

- (2) The purchaser of the shares and the Company and each of the shareholders, directors, supervisors and senior management officers of the Company, and the Company, acting on behalf of itself and each of the directors, supervisors and senior management officers of the Company, and each of the shareholders agree that all disputes and claims arising from the Articles of Association, or disputes or claims of rights in connection with the Company's affairs incurred as a result of any rights or obligations under the Company Law or other relevant laws and administrative regulations and the Hong Kong Listing Rules, shall be referred to arbitration for settlement in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be taken as an authorization to an arbitration tribunal to hold a public hearing and announce its arbitration award to the public. Such award shall be final.
- (3) The purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable by the holder thereof.
- (4) The purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors and senior management officers, pursuant to which the directors and senior management officers undertake to observe and fulfill their responsibilities to the shareholders provided in the Articles of Association.

Article 45 The share certificates shall be signed by the legal representative. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after affixing, or affixing by way of printing, of the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the board of directors. The signatures of the chairman or other relevant senior management officers of the Company on the share certificates may also be in printed form.

Article 46 The Company shall maintain a register of shareholders for registering the following particulars:

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

The register of shareholders shall be sufficient evidence substantiating the shareholders' shareholding in the Company, except where there is evidence to the contrary.

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

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

- (1) the Company need not register more than four persons as joint holders of any shares;
- (2) all joint holders of any shares are jointly and severally liable for all amounts payable for the relevant shares;
- (3) if one of the joint holders dies, only the surviving joint holders shall be taken by the Company as persons having the right of ownership of the relevant shares. The board of directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the provision of a document evidencing the death of the relevant shareholder as it thinks fit; and

- (4) in case of any joint holders of shares, only the joint holder whose name appears first in the register of shareholders is entitled to receive the share certificates of the relevant shares and the Company's notices, and to attend a shareholders' general meeting of the Company and exercise all voting rights of such shares thereat. Any notice served to that person shall be taken as having been served to all joint holders of the relevant shares.

Article 47 The Company may, in accordance with the understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, maintain its original register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original copy of the register of holders of H shares shall be maintained in Hong Kong.

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

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

Article 48 The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the following parts:

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

Article 49 Different parts of the register of shareholders shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

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

Article 50 Unless otherwise provided by laws and regulations as well as the relevant rules and regulations of the securities regulatory authorities of the place where the Company's shares are listed, all fully paid-up H shares shall be freely transferable pursuant to the Articles of Association, free from any liens. The transfer of all fully paid-up H shares shall meet the following requirements or else the board of directors may refuse to recognize any instrument of transfer without having to give any reason:

- (1) the document of transfer and other documents relating to or affecting the ownership of any shares shall be registered, and a fee shall be paid to the Company for the registration, the schedule of which shall be determined by the board of directors, but such fee shall not exceed the maximum fee stipulated from time to time by the HK Stock Exchange in its Hong Kong Listing Rules;
- (2) the instrument of transfer involves only H shares;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and any other evidence reasonably required by the board of directors showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (6) the relevant shares shall be free from any company's liens; and
- (7) no transfer of share shall be made to a minor or to a person of unsound mind or a legally incapable person.

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

Article 51 All transfers of overseas listed foreign shares shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the board of directors (including the standard transfer form or form of transfer as stipulated by the HK Stock Exchange from time to time). The instruments of transfer may be signed by hand, or (where the transferor or transferee is a company) affixed with the common seal of the company. Where the transferor or transferee of the shares of the Company is a recognized clearing house (“Recognized Clearing House”) as defined by relevant ordinances of Hong Kong law in force from time to time or its nominee, the instruments of transfer may be signed by hand or in a machine-printed format.

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

Article 52 No registration of changes as a result of share transfers may be entered in the register of shareholders within thirty days prior to the date of a shareholders’ general meeting or within five days before the record date set by the Company for the purpose of distribution of dividends. Requirements of PRC laws and regulations and the securities supervision rules of the place where the Company’s shares are listed regarding the closure of book before holding a general meeting of shareholders or the date with reference to which the Company decides to distribute dividends, shall be applied. This Article shall not be applicable to the registration of changes in the register of shareholders during the issuance of new shares by the Company in accordance with Article 23 of the Articles of Association.

Article 53 Where the Company convenes a shareholders’ general meeting, distributes dividends, liquidates or carries out other activities which would require the determination of shareholdings, the board of directors or the convener of the shareholders’ general meeting shall fix a date for the registration of the shareholdings. When the registration ends after the market closes on such date, the shareholders who are on the register shall be the shareholders of the Company.

Article 54 Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of shareholders.

Article 55 Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates (the “Original Certificates”) are lost, apply to the Company for replacement share certificates in respect of such shares (the “Relevant Shares”).

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

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

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

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

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

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

Article 56 Where the Company issues replacement certificates pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificates or a shareholder who thereafter registers as the owner of such shares (in case he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 57 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificates or the issuance of the replacement share certificates, unless the person concerned is able to prove that the Company has acted fraudulently.

Chapter 8: Rights and Obligations of Shareholders

Article 58 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

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

A legal representative or its proxy shall exercise the rights on behalf of a legal person who is a shareholder of the Company.

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

Article 59 Holders of the ordinary shares of the Company shall have the following rights:

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

- (5) the right to access relevant information in accordance with the provisions of the Articles of Association, including:
1. a copy of the Articles of Association upon payment of the costs thereof;
 2. the right to inspect and copy, subject to payment of a reasonable charge:
 - (i) the register of all shareholders;
 - (ii) the personal particulars of directors, supervisors and senior management officers of the Company, including:
 - (a) the present and former name and alias;
 - (b) the principal address (place of residence);
 - (c) the nationality;
 - (d) the full-time job and all other part-time jobs and duties;
 - (e) the identification documents and the numbers thereof.
 - (iii) the state of the share capital of the Company;
 - (iv) the reports stating the aggregate par value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
 - (v) the Company's latest audited financial statements (only for inspection) and the reports of the directors, auditors and the supervisory committee;
 - (vi) the minutes of shareholders' general meetings and the resolutions made thereat; access to (only for inspection) the copy of corporate bonds and the resolutions made at the meetings of the board of directors and the supervisory committee;
 - (vii) a copy of the latest annual examination report filed with the Administration for Industry and Commerce or other competent authorities of the PRC (if applicable).

The Company shall place the documents referred to in items (i) to (vii) mentioned above and any other applicable documents at the Company's address in Hong Kong in accordance with the requirements of the Hong Kong Listing Rules as well as other applicable laws, regulations and regulatory documents for inspection by the public and shareholders free of charge.

A shareholder demanding the inspection of the relevant information or the obtaining of the materials mentioned above shall provide to the Company written documents evidencing the class and number of shares of the Company held. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request and may charge a reasonable fee for providing a copy of such information.

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company according to the number of shares held;
- (7) for shareholders who object to the resolutions on a merger or a demerger of the Company made at a shareholders' general meeting, the right to require the Company to purchase their shares; and
- (8) other rights conferred by laws, administrative regulations, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

Article 60 If a resolution passed at the shareholders' general meeting or board meeting of the Company violates the laws and regulations, shareholders shall have the right to submit a petition to the court to render the same as invalid.

If the procedures for convening, or the methods of voting at, a shareholders' general meeting or board meeting violate the laws, regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall have the right to submit a petition to the court to rescind such resolution within sixty days from the date on which such resolution is passed.

Article 61 Where losses are caused to the Company as a result of the violation of the laws, regulations or the provisions of the Articles of Association by a director or a senior management officer in the course of performing his duties, shareholders individually or jointly holding 1% or more of the Company's shares for not less than 180 consecutive days shall be entitled to request in writing the supervisory committee to institute proceedings in a court. Where losses are caused to the Company as a result of the violation of the laws, regulations or the provisions of the Articles of Association by the supervisory committee in the course of performing its duties, shareholders shall be entitled to make a request in writing to the board of directors to institute proceedings in a court.

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

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

Article 62 If any director or senior management officer prejudices the interests of a shareholder as a result of the violation of any law, regulation or provision of the Articles of Association, the shareholder may institute proceedings in a court.

Article 63 The holders of ordinary shares of the Company shall assume the following obligations:

- (1) to abide by the laws, administrative regulations and Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed for and the method of subscription;
- (3) to assume liability of the Company to the extent of their shares subscribed for;
- (4) not to divest the shares unless provided by laws and regulations;

- (5) not to abuse their rights as shareholders to prejudice the interests of the Company or other shareholders; not to abuse the position of the Company as an independent legal person and the limited liabilities of shareholders to prejudice the interests of the creditors of the Company;

Shareholders of the Company who abuse their rights as shareholders and thereby cause losses to the Company or other shareholders shall be liable for compensation according to the law.

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for evading repayment of debts, and thereby materially prejudicing the interests of the creditors of the Company, they shall be jointly and severally liable for the debts of the Company.

- (6) other obligations liable as stipulated by laws, administrative regulations and the Articles of Association.

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

Article 64 In addition to the obligations required by laws, administrative regulations or the listing rules of stock exchange on which the shares of the Company are listed, in exercising his rights as a shareholder, a controlling shareholder (as defined in the Article below) shall not make any decisions on the following matters, as a result of the exercise of his voting rights, in a manner prejudicial to the interests of all or some of the shareholders of the Company:

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

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

Article 65 The controlling shareholder referred to in the preceding Article means a person who satisfies any one of the following conditions:

- (1) any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;
- (2) any person acting on his own or in concert with other parties has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (3) any person acting on his own or in concert with other parties holds 30% or more of the outstanding shares of the Company;
- (4) any person acting on his own or in concert with other parties has actual control over the Company in any other manner.

The term “acting in concert” referred to in this Article represents an act in which two or more persons agree unanimously by way of agreement (either verbally or in writing) to control or consolidate the control of the Company by obtaining the voting rights in the Company by any one of them.

Chapter 9: Shareholders' General Meetings

Article 66 The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

Article 67 The shareholders' general meeting shall exercise the following functions and powers:

- (1) to decide the Company's operational guidelines and investment schemes;
- (2) to elect and remove directors not being staff representatives and to determine matters relating to the directors' remunerations;
- (3) to elect and remove supervisors not being staff representatives and to determine matters relating to the supervisors' remunerations;
- (4) to consider and approve the reports of the board of directors;
- (5) to consider and approve the reports of the supervisory committee;
- (6) to consider and approve the Company's annual financial budgets and final accounts;
- (7) to consider and approve the Company's profit distribution plan and plan for making up losses;
- (8) to resolve on an increase or a reduction in the Company's registered capital;
- (9) to resolve on matters such as merger, demerger, dissolution, liquidation or change in the form of business of the Company;
- (10) to resolve on the issue of debentures by the Company;
- (11) to resolve on the appointment, dismissal or non-reappointment of the accounting firms;
- (12) to consider and approve the purchases or sales of any material assets of the Company within a year in excess of 30% of the Company's audited total assets in the latest period;
- (13) to amend the Articles of Association;

- (14) to consider proposals put forward by any shareholder representing 3% or more of the Company's shares with voting rights;
- (15) to consider and approve share incentive plans;
- (16) to resolve on the acquisition of the Company's shares due to the reasons specified in subparagraphs (1) and (2) of paragraph 1 of Article 30 of the Articles of Association;
- (17) to resolve on any other matters to be resolved thereby as required by the laws, administrative regulations, listing rules of the place where the Company's shares are listed and the Articles of Association.

Subject to the laws, regulations and mandatory provisions of the listing rules of the listing place, a shareholders' general meeting may authorize or entrust the board of directors to handle the matters authorized or entrusted by it.

Article 68 Unless in a crisis or under other special circumstances, the Company shall not, without the prior approval of a shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors and senior management officers) for giving such party the management of the whole or any substantial part of the Company's business.

Article 69 The Company shall not provide guarantees to external parties in breach of laws or regulations.

Article 70 A shareholders' general meeting shall either be an annual general meeting (AGM) or an extraordinary general meeting. The shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be held once every year and within six months from the close of the preceding financial year.

An extraordinary general meeting shall be convened within two months of the occurrence of any one of the following circumstances:

- (1) the number of directors is less than the number stipulated in the Company Law or two-thirds of the number required in the Articles of Association;
- (2) when the losses of the Company not made up for amount to one-third of the total amount of its share capital;

- (3) where any shareholder individually or jointly holding 10% or more of the Company's issued shares carrying voting rights requests in writing the convening of an extraordinary general meeting;
- (4) when considered necessary by the board of directors or when requested by the supervisory committee; or
- (5) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

Article 71 The Company shall hold a shareholders' general meeting at the domicile of the Company or such other place as notified by the convener of the shareholders' general meeting.

A shareholders' general meeting shall have a venue where it shall be held in the form of a meeting with physical presence.

Article 72 The Company shall issue a written notice of not less than 20 business days before holding an annual general meeting; shall issue a notice of not less than 10 business days or 15 days (whichever is longer) to shareholders before holding an extraordinary general meeting.

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

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

Article 73 When the Company convenes an annual general meeting, shareholders holding 3% or more of the Company's shares with voting rights shall have the right to put forward ad hoc proposals in writing to the Company, and the Company shall include matters falling within the scope of responsibilities of the shareholders' general meeting in such ad hoc proposals into the agenda for the meeting.

The ad hoc proposals put forward by shareholders shall satisfy the following requirements:

- (1) their contents are not contrary to the provisions of laws and regulations, and fall into the business scope of the Company and the scope of responsibilities of the shareholders' general meeting;

- (2) they have definite topics to discuss and specific matters to resolve; and
- (3) they are put forward and submitted to or served on the board of directors in writing ten days prior to the date of the shareholders' general meeting.

Article 74 A general meeting shall not make decisions on matters not stated in the notice of meeting.

Article 75 The notice of a shareholders' meeting shall:

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

Article 76 The notice of a shareholders' general meeting shall be sent to the shareholders (whether or not entitled to vote at the shareholders' general meeting) by hand or prepaid mail to the address of the recipients as shown in the register of shareholders, or, subject to compliance with the applicable laws, regulations and listing rules, be published on the Company's website or the website designated by the stock exchange of the place on which the Company's shares are listed. For holders of domestic shares, the notice of a shareholders' general meeting may be given by way of an announcement.

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

Article 77 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 78 All shareholders on the register of shareholders on the record date or their proxies shall be entitled to attend the shareholders' general meeting and exercise voting rights in accordance with the relevant laws, regulations and the Articles of Association.

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

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

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

Article 79 The instrument appointing a proxy must be made in writing and signed under the hand of the appointer or his attorney duly authorized in writing. If the appointer is a legal person, the instrument shall be made under its corporate seal or signed under the hand of its director or attorney duly authorized. The power of attorney shall state the number of shares represented by the said proxy; in the case where more than one proxy is appointed, the instrument shall state the number of shares respectively represented by each proxy of the shareholder.

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

- (1) the name of the proxy;
- (2) whether the proxy has voting rights or not;
- (3) the separate instructions for voting in favour of or against or abstaining from voting on each matter included in the agenda to be considered at the shareholders' general meeting;
- (4) the date of issuance and expiration of the power of attorney;
- (5) the signature (or seal) of the appointer.

Article 80 The proxy form shall be deposited at the domicile of the Company or any other place specified in the notice for convening the meeting not less than twenty-four hours prior to the convening of the meeting or twenty-four hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The power of attorney or other authorization instruments so notarized, together with the proxy form, shall be deposited at the domicile of the Company or such other place as specified in the notice for convening the meeting.

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

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

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

Article 81 Any proxy form issued to a shareholder by the board of directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or abstain from voting, and to give separate instructions for each matter to be resolved at the meeting. Such proxy form shall state whether the proxy may vote as he thinks fit in the absence of instructions from the shareholder.

Article 82 Where the appointer has deceased, become incapacitated, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 83 The chairman of the meeting shall, prior to the voting, announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the shares with voting rights held by them shall be based on those registered at the meeting.

Article 84 Resolutions of shareholders' general meetings shall be classified as ordinary resolutions and special resolutions.

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

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

Article 85 Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall entitle the shareholders to the right of one vote at a shareholders' general meeting.

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

When a connected transaction is considered at a shareholders' general meeting, connected shareholders shall abstain from voting on such connected transaction, and the number of shares with voting rights they represent shall not be counted towards the total number of shares with voting rights.

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

Article 86 Resolutions submitted to a shareholders' general meeting shall be voted by poll, but subject to the requirements of the Hong Kong Listing Rules, the chairman of the meeting may in good faith allow resolutions purely related to procedural or administrative matters to be voted on by a show of hands.

Article 87 A poll demanded on the election of the chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters. The results of the poll shall still be taken as a resolution adopted at that meeting.

Article 88 When voting by poll, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Unfilled votes, incorrectly filled votes, illegible votes and uncast votes shall be considered as the voters having waived their voting rights. These votes cast by the shareholders or their proxies shall be counted towards the total number of abstention votes.

Article 89 In the case of an equality of votes, whether by a show of hands or by poll, the chairman of the meeting shall have a casting vote.

Article 90 The following matters shall be resolved by ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) plans for profit distribution and for making up losses prepared by the board of directors;
- (3) appointment or removal of directors and supervisors not being staff representatives, and their remuneration and manner of payment thereof;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements; and
- (5) matters other than those required by the laws, administrative regulations, the listing rules of the stock exchange on which the Company's Shares are listed or the Articles of Association to be approved by special resolution.

Article 91 The following matters shall be resolved by special resolution at a shareholders' general meeting:

- (1) increase or reduction of the Company's share capital, repurchase of the Company's shares and issue of shares of any class, warrants and other similar securities;
- (2) issue of debentures of the Company;
- (3) demerger, merger, dissolution, liquidation and change of corporate form of the Company;
- (4) amendment to the Articles of Association;
- (5) purchases or sales of material assets or guarantees made by the Company in excess of 30 percent of the total assets of the Company within a year;
- (6) share incentive plans; and
- (7) any other matters stipulated by the laws, administrative regulations or the Articles of Association or determined by an ordinary resolution at a shareholders' general meeting as having a material impact on the Company and requiring to be resolved by special resolution.

Article 92 The following procedures shall be followed by shareholders or the supervisory committee when requesting for convening of extraordinary general meetings or class meetings:

- (1) two or more shareholders individually or jointly holding 10% or more of the shares carrying voting rights at such proposed meeting or the supervisory committee may request the board of directors to convene an extraordinary general meeting or class meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda items of the meeting. An extraordinary general meeting or class meeting shall be convened by the board of directors as soon as possible upon receipt of the aforesaid written request. The aforesaid shareholding shall be calculated as at the date on which the shareholders submit the written request.
- (2) if the board of directors fails to dispatch a notice for convening such meeting within thirty days upon receipt of the aforesaid written request, shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the proposed meeting shall be entitled to propose to the supervisory committee to convene an extraordinary general meeting or class meeting, provided that such request shall be made in writing. The supervisory committee shall convene an extraordinary general meeting or a class meeting as soon as possible.
- (3) If the supervisory committee fails to dispatch a notice for convening such meeting within thirty days upon receipt of the aforesaid request, shareholders individually or jointly holding 10% or more of the shares of the Company for not less than ninety consecutive days may convene such a meeting by themselves. The procedures for convening such meeting shall follow those for convening a shareholders' meeting of by the board of directors as far as possible.

All reasonable expenses incurred in convening and holding the meeting by shareholders or the supervisory committee due to the failure of the board of directors to hold such meeting in response to the aforesaid request shall be borne by the Company and shall be deducted from the amounts due by the Company to the defaulting director(s).

Article 93 A shareholders' general meeting shall be convened and chaired by the chairman of the board of directors. If the chairman of the board of directors is unable to attend the meeting for some reasons, the meeting shall be convened and chaired by the vice chairman of the board of directors. If both the chairman and vice chairman of the board of directors are unable to attend the meeting, the board of directors may designate a director to convene and chair the meeting. If no chairman of the meeting has been so designated, shareholders present thereat may elect one of them to be the chairman of the meeting. If for any reason shareholders fail to elect a chairman, then the shareholder (including its proxy) present thereat and holding the largest number of shares carrying voting rights shall chair the meeting.

Article 94 Based on the voting results, the chairman of the meeting shall be responsible for determining whether a resolution is passed. His decision, which is final, shall be announced at the meeting and recorded in the minutes.

Article 95 If the chairman of the meeting has any doubt as to the result of a resolution put to the vote, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any attending shareholder or proxy who objects to the result announced by the chairman of the meeting shall have the right to immediately demand that the votes be counted after the announcement of the result, and the chairman of the meeting shall have the votes counted immediately.

Article 96 If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes.

The convener shall ensure that the minutes are true, accurate and complete. The directors, supervisors, board secretary, convener or his representative and the chairman of the meeting attending the meeting shall sign on the minutes.

The minutes together with the attendance register of the attending shareholders and the proxy forms shall be kept at the domicile of the Company. The aforesaid minutes, attendance register and proxy forms shall not be destroyed within 10 years.

Article 97 Copies of the minutes shall, during the business hours of the Company, be open for inspection by any shareholder free of charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy within seven days following the receipt of a reasonable charge.

Chapter 10: Special Procedures for Voting by Class Shareholders

Article 98 In the case of the issue of different classes of shares by the Company, shareholders holding different classes of shares shall be referred to as class shareholders.

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

Where the share capital of the Company includes shares which do not carry voting rights, the designation of such shares shall bear the wording "non-voting".

Where the share capital of the Company includes shares with different voting rights, the designation of each class of shares (except shares with the most privileged voting rights) shall bear the wording "restricted voting" or "limited voting".

Article 99 Rights conferred to class shareholders may not be varied or abrogated unless approved by way of special resolution at a shareholders' general meeting and by the affected class shareholders at a separate shareholders' meeting convened in accordance with Articles 101 to 105.

Article 100 The following circumstances shall be taken to be a variation or abrogation of the rights of shareholders of a particular class:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having a voting right or a right to dividends or other privileges equal or superior to the shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange of or grant a right of exchange of all or part of the shares of another class into those of such class;
- (3) to remove or reduce the rights to acquire accrued dividends or cumulative dividends attached to the shares of such class;
- (4) to reduce or remove the rights with a priority to acquire dividends or property distribution during the liquidation of the Company attached to the shares of such class;
- (5) to add, remove or reduce the conversion, options, voting, transfer or pre-emptive rights or the rights to acquire securities of the Company attached to the shares of such class;
- (6) to remove or reduce the rights to receive payables from the Company in a particular currency attached to the shares of such class;
- (7) to create a new class of shares with voting right, right to dividends or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer of ownership of the shares of such class or to impose additional restrictions thereon;
- (9) to grant the right to subscribe for, or convert into, the shares of such or another class;
- (10) to increase the rights or privileges of the shares of another class;

- (11) to cause the holders of different classes of shares to bear a disproportionate burden of obligations during the restructuring scheme of the Company; and
- (12) to vary or abrogate any provision of this Chapter.

Article 101 Shareholders of the affected class, whether or not entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 100, but interested shareholder(s) shall not be entitled to vote at class meetings.

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

- (1) in case of an offer for share repurchase on a pro rata basis to all shareholders or a share buyback through public dealings on a stock exchange in compliance with Article 31 of the Articles of Association, a controlling shareholder within the meaning of Article 65 of the Articles of Association;
- (2) in case of a share buyback by way of an off-market agreement in compliance with Article 31 of the Articles of Association, a shareholder who is involved in the entering into of such agreement; and
- (3) in case of the Company’s reorganization, a shareholder of one class who bears less than a proportionate burden imposed on other shareholders of that class or who has an interest different from those of other shareholders of that class.

Article 102 Resolutions proposed at a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the share interests with voting rights according to Article 101.

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

Article 103 In the event that the Company convenes a class meeting, a written notice specifying the matters to be considered at, and the date and location for, the meeting shall be issued to the shareholders whose names appear on the register of shareholders of such class forty-five days before the time appointed for holding such meeting. Shareholders who intend to attend the meeting shall serve the written reply to the Company twenty days prior to the date of the meeting.

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

Article 104 Notice of a class meeting shall be given only to shareholders entitled to vote at the meeting.

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

Article 105 Apart from the holders of other classes of shares, the holders of domestic shares and overseas listed foreign shares shall be taken to be shareholders of different classes.

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

- (1) where the Company issues, upon approval by way of a special resolution at a general meeting, either separately or concurrently once every twelve months, domestic shares and overseas listed foreign shares, to the extent that the number of the shares to be issued does not exceed twenty percent of the total number of the issued shares of their respective class;
- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares upon its incorporation is completed within fifteen months from the date of approval by the securities regulatory authorities of the State Council; or
- (3) where the domestic shares of the Company are transferred by the holder to overseas investors and are subsequently listed and traded on overseas stock exchanges with the approval by the securities regulatory authorities of the State Council.

Chapter 11: Board of Directors

Section 1 Directors

Article 106 The Company shall have a board of directors comprising of 9 directors. There shall be one chairman and one vice chairman if necessary. The appointment and dismissal of the chairman and vice chairman(s) shall be subject to the approval of a majority of all the directors. The term of office of each of the chairman and the vice chairman shall be three years, renewable upon re-election and re-appointment. The number of independent non-executive directors shall not be less than one-third of the number of directors. The appointment or removal of directors of the Company shall be reported to the local CSRC agency where the company is domiciled for record as required.

Article 107 Directors who are not staff representatives shall be elected and removed by shareholders at general meetings, while directors as staff representatives shall be elected and removed through democratic means by the staff of the Company, with a term of three years. Upon the expiration of the term of office, a director shall be eligible to offer himself for re-election and reappointment. The term of office of a director shall commence from the date of his appointment and end upon the expiration of the term of the current board of directors.

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

Article 108 Candidates for directors shall be nominated by shareholders individually or jointly holding three percent or more of the Company's issued shares with voting rights. Written notice specifying the intention to nominate the candidates for directors and the acceptance of nomination by the candidates concerned shall be given to the Company no earlier than the date of the despatch of the notice of the shareholders' general meeting and no later than seven days before the date of holding of the meeting. The time limits for nomination and acceptance of nomination shall not be less than seven days.

Article 109 A director may resign before the expiration of his term of office. The directors who resign shall submit to the board of directors a written report on their resignation. The board of directors shall disclose relevant details within two days.

In case that the number of directors falls short of the quorum of the board of directors as a result of a director's resignation, the resignation report of the said director shall not become effective until the vacancy resulting from his resignation is filled up by a succeeding director. Before the succeeding director takes office, the former director shall continue to discharge his duties as a director in accordance with laws, administrative regulations, departmental rules, Hong Kong Listing Rules and the Articles of Association. The remaining directors shall convene an extraordinary general meeting as early as possible to elect a director for the vacancy resulting from the said resignation.

Other than the circumstances set out in the preceding paragraph, the resignation of a director shall become effective upon the receipt of his resignation report by the board of directors.

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

Article 110 Upon the submission of a resignation or expiration of the term of office, a director shall complete all transfer procedures for the board of directors. The fiduciary duty owed by such director to the Company and shareholders shall not be released after the termination of his tenure. A director's confidentiality obligations in respect of commercial secrets of the Company shall remain effective after the termination of his tenure until such secrets have become open information.

Article 111 No director shall act, in his personal capacity, on behalf of the Company or the board of directors in violation of the provisions set out in the Articles of Association or without appropriate authorization by the board of directors. A director shall, when acting in his personal capacity, state his purposes and identities in advance if a third party reasonably believes that the said director is acting on behalf of the Company or the board of directors.

Article 112 A director shall be liable for any losses of the Company resulting from any violations of the laws and regulations or the Articles of Association during the performance of his duties.

Article 113 A director shall be liable for any losses of the Company as a result of his withdrawal from the office without permission prior to the expiration of his term of office.

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

Subject to the relevant laws and administrative regulations, a director may be removed from office prior to the expiration of his term of office by means of an ordinary resolution at a shareholders' general meeting. (However, any claims which may be lodged according to any contracts shall remain unaffected thereby).

Section 2 Independent Non-executive Directors

Article 114 The Company shall establish an independent non-executive director system. Independent non-executive directors are directors holding no positions other than that of directors in the Company, and having no relationship with the Company and its substantial shareholders (only provided under this Article that substantial shareholders are those shareholders individually or jointly holding more than 5% of total number of the Company's shares with voting rights) as to hinder their independent and objective judgments, and complying with the provisions of the Listing Rules of the place where the Company's shares are listed and relevant laws and regulations, departmental rules, etc. in relation to the independence of directors.

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

Article 115 Independent non-executive directors shall satisfy the following fundamental requirements:

- (1) to be qualified for directors of a listed company as provided in laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed and other relevant regulations;
- (2) to comply with the requirements on independence as stipulated in relevant laws and regulations, departmental rules, and the listing rules of the stock exchange where the Company's shares are listed;
- (3) to possess the basic knowledge of the operations of listed companies, and be familiar with relevant laws, administrative regulations, regulations of the CSRC and have futures professional expertise;
- (4) have engaged in such financial business as futures or securities or in legal or accounting operations for more than 5 years, or possess relevant senior title for academic teaching or researches;

- (5) have educational background of graduate of college or university or above in relevant field and hold a bachelor degree or above;
- (6) have time and energy necessary to perform their duties;
- (7) other requirements provided in the Articles of Association.

Article 116 An independent director shall not have a relationship with the Company that may prejudice him/her from making independent and objective judgments.

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

- (1) any persons working in the Company and its affiliates and their immediate family and other main relatives;
- (2) any persons working in any following institutions and their immediate family and other main relatives: any companies which hold or control more than 5% of the equity interest in the Company, the companies who are among top 5 shareholders of the Company or any institutions that have business relations with the Company or are interested in the Company;
- (3) the natural person shareholders who directly or indirectly hold or control more than 1% of the equity interest in the Company, or the natural person shareholders among the top 10 shareholders of the Company and the immediate families of such persons;
- (4) any person who provides financial, law and consulting services to the Company and its related parties and their immediate family members;
- (5) any person who meets the criteria listed in any of the four sub-paragraphs above in the recent one year;
- (6) any person holding any position other than independent directors in any other futures companies;
- (7) any other persons who are identified by the CSRC.

Article 117 The independent non-executive directors shall be vested with the following special functions and powers in addition to those vested by the Company Law and other relevant laws, regulations, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association:

- (1) to propose to the board of directors for the appointment or dismissal of accounting firms;
- (2) to propose to the board of directors to convene extraordinary general meetings;
- (3) to propose to convene the board meetings;
- (4) upon unanimous consent of all independent non-executive directors, they may independently appoint external auditors or consultants for the auditing and consulting of specific matters relating to the Company at the expenses of the Company.

Apart from the preceding sub-paragraph (4), the independent non-executive director(s) shall secure the consent of not less than half of the independent non-executive directors of the Company to exercise the abovementioned powers. In the event that the above proposals have not been accepted or the above powers cannot be exercised in the normal course of business, the Company shall disclose the relevant circumstance.

Article 118 Before expiration of their term of office, independent non-executive directors shall not be dismissed without proper reasons. In case of an independent director being dismissed before expiration of his term of office, the Company shall disclose it as a special discloseable matter.

Should an independent non-executive director fail to attend in person the board meetings for three times in succession, the board of directors may propose to the shareholders' general meeting for replacing such director.

Article 119 All matters not prescribed in this section for the independent non-executive director system shall be handled pursuant to relevant laws, regulations, rules and listing rules of the stock exchange where the Company's shares are listed.

Section 3 Board of Directors

Article 120 The board of directors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (1) to convene the shareholders' general meetings and report its work to the shareholders' general meetings;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans, specific annual business objectives and financing plans other than the issuance of corporate debentures or other securities, and listings;
- (4) to formulate the Company's annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plan and the plan for making up losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of corporate debentures;
- (7) to formulate proposals for the major acquisition and repurchase of the Company's shares or the merger, demerger, dissolution or change of corporate form of the Company;
- (8) to determine on the establishment of the Company's internal management structure and on the establishment or closing of the Company's sub-branches or representative offices;
- (9) to elect a chairman and vice-chairman of the board of directors of the Company;
- (10) to appoint or dismiss the general manager, secretary to the board of directors and chief risk officer, and to fix their remuneration, bonus and punishment;
- (11) pursuant to the general manager's nominations to appoint or dismiss deputy general managers and financial controller of the Company and fix their remuneration, bonus and punishment;
- (12) to formulate the Company's basic management system;

- (13) to formulate proposals for amendment to the Articles of Association;
- (14) to manage the information disclosure of the Company;
- (15) to determine the establishment of special committees under the board of directors and to appoint or dismiss the chairmen of these committees;
- (16) to propose to shareholders' general meetings for the appointment or replacement of the auditors of the Company;
- (17) to hear the regular or non-regular work reports from the general manager of the Company or senior management officers appointed by the general manager and to approve the work reports of the general manager;
- (18) to consider and decide on the security depository system for customer margins to ensure that the depositing of customer margins is in compliance with the requirements for the protection of customer assets protection as well as the safe depositing and monitoring of futures margins;
- (19) to consider and decide on the Company's risk control system and internal control system;
- (20) to decide on the risk investment, acquisition and disposal of assets, pledge of assets, external guarantees, trust asset management and connected transactions of the Company within the authorization of the shareholders' general meeting;
- (21) to formulate strategic plans for the Company's cultural construction, push forward and give direction to the Company's cultural construction;
- (22) to consider the Company's goal on IT management; to consider its IT strategy; to consider its plans for IT manpower and capital security; network security plans; to consider the overall effectiveness and efficiency of its annual IT management work;
- (23) to exercise other functions and powers conferred by laws, regulations and listing rules of the stock exchange where the Company's shares are listed, shareholders' general meetings and the Articles of Association.

Except for the matters specified in sub-paragraphs (6), (7) and (13) which shall be passed by two-thirds or more of the directors, the board's resolutions in respect of any other aforesaid matters may be passed by half or more of the directors. The board of directors shall perform its duties in accordance with PRC laws, administrative regulations, CSRC regulations and the Articles of Association and resolutions of shareholders.

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

Article 121 The board of directors shall also be responsible for the following matters:

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

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

Article 122 The board of directors may establish certain special committees such as Audit Committee, Remuneration and Assessment Committee, Strategic Development Committee, Risk Control Committee and Nomination Committee, to assist the board of directors to exercise its duties or provide consultation or advice for the board of directors in respect of its decisions under the leadership of the board of directors; the composition of and the rules of procedures for such committees shall be decided by the board of directors separately.

Article 123 The board of directors shall not, without the prior approval of shareholders at a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the fixed assets proposed for disposal and the value of the fixed assets disposed of within the four months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet considered at a general meeting.

The term "disposal of fixed assets" referred to in this Article includes an act involving the transfer of an interest in certain assets, but does not include an act of the provision of guarantees with the fixed assets.

Breach of the first paragraph of this Article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

Article 124 The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over general meetings and to convene and preside over the board meetings;
- (2) to supervise and inspect the implementation of the resolutions of the board of directors and to be briefed on relevant reports;
- (3) to supervise and organize the formulation of rules and regulations on the operation of the board of directors, and to coordinate the operation of the board of directors;
- (4) to sign the securities certificates issued by the Company;
- (5) to sign the documents of the board of directors and other documents that shall be signed by the Company's legal representative;
- (6) to exercise the functions and powers of the legal representative;
- (7) In an emergency situation where the occurrence of force majeure and major emergency events, such as extraordinarily serious natural disasters, renders the board of directors unable to convene a meeting in due course, to exercise a special right to deal with the Company's affairs in compliance with the law and in the Company's interests, and to report the same to the board of directors and shareholders thereafter;
- (8) to exercise any other functions and powers specified in laws, regulations or the Articles of Association or conferred by the board of directors.

Article 125 The vice-chairman shall assist the chairman in work. In the event that the chairman is unable to perform his duties or fails to perform his duties, the duties shall be performed by the vice-chairman. If the vice-chairman is unable or fails to perform his duties, a director jointly elected by not less than half of the directors shall perform such duties on behalf of the vice-chairman.

Article 126 The board of directors shall hold at least four meetings every year, which shall be convened by the chairman of the board of directors.

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

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

Article 127 A notice convening the board meetings and extraordinary board meetings shall be sent through telephone, facsimile or email. The notice of a board meeting shall be dispatched fourteen days prior to the date of the meeting. The notice of an extraordinary board meeting shall not be subject to such time limitation but a notice shall be given within a reasonable time.

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

Article 128 Except for the circumstance provided in Article 130 of the Articles of Association in which the board of directors considers connected transactions, the board meeting may not be held unless half or more of the directors are present.

Each director has one vote. Except for the circumstance provided in Article 130 of the Articles of Association in which the board of directors considers connected transactions, resolutions of the board of directors shall be passed by more than half of all directors.

In the case of an equality of votes, the chairman shall have a casting vote.

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

Article 129 A director shall attend a board meeting in person. If a director is not able to attend the meeting for any reasons, he may appoint other directors in writing to attend the meeting on his behalf. The power of attorney shall specify the name of the proxy, the matters to be handled by the proxy, the scope of authorization and the expiry date, and be signed or sealed by the appointer.

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

Article 130 If any director is associated with an enterprise that is involved in the matters to be resolved by a board meeting, he shall neither exercise his voting rights for such matters, nor exercise voting rights on behalf of other directors. Such board meeting shall be convened by a majority of the non-connected directors present thereat. Resolutions made at the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the board meeting is less than three (3), such matters shall be submitted to a shareholders' general meeting for consideration. The definition and scope of connected directors shall be determined in accordance with the rules of the securities regulatory authorities and the stock exchange of the place where the Company's shares are listed.

Article 131 The board of directors shall keep minutes of resolutions on matters discussed at meetings, on which the directors, the secretary to the board of directors and the minutes taker present thereat shall sign. The minutes of board meetings shall be kept for a period of ten years. Directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or the Articles of Association, thus causing the Company to suffer any material loss, the directors participating in the resolution shall be liable for compensating the Company. However, the directors who have proved to have cast a dissenting vote against the motion during the voting as recorded in the minutes shall be exempted from such liability.

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

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

Article 132 Board meetings may be held by means of teleconferencing or with the help of similar form of communications equipment. In holding such meetings, as long as the attending directors are able to hear other directors speak clearly and communicate, all such attending directors shall be taken as having attended the meetings in person.

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

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

Article 133 Board meetings may be held at the legal address of the Company and may also be held at any other places inside or outside China.

Article 134 The Company shall bear the reasonable expenses incurred by directors in attending meetings of the board of directors. Such expenses may include costs for transportation to the venue of a meeting (if not the place where directors are located), accommodation expenses and local transportation costs during the duration of the meeting.

Chapter 12: Secretary to the Board of Directors

Article 135 The Company shall have a secretary to the board of directors. As a senior management officer of the Company, the secretary to the board of directors shall be accountable to the board of directors.

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

Article 136 The secretary to the board of directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the board of directors. His primary duties include:

- (1) to prepare the shareholders' general meetings and meetings of the board of directors;
- (2) to disclose information of the Company;
- (3) to ensure that the Company has a complete set of documents and records on organization;
- (4) to ensure that the Company prepares and delivers the reports and documents required by the competent authorities pursuant to law;

- (5) to ensure that the Company's register of shareholders is properly set up and that the persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (6) other functions and powers stipulated by laws and regulations or the Articles of Association.

Article 137 A director or senior management officers of the Company may concurrently act as the secretary to the board of directors. The accountant(s) of the accounting firm which has been appointed by the Company shall not concurrently act as the secretary to the board of directors.

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

Chapter 13: General Manager and Deputy General Manager of the Company

Article 138 The Company shall have one general manager who shall be nominated by the Chairman, and be appointed or dismissed by the Board of Directors. The Company shall have several deputy general managers who shall be nominated by the general manager and to be appointed or dismissed by the Board of Directors. The Company should report to the local CSRC office at the Company's domicile for record when appointing or removing senior management personnel. The general managers shall be accountable to the Board of Directors. The deputy general managers shall assist the general manager in his work and be accountable to the general manager.

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

There shall not be a close relative relationship between the chairman, general manager and chief risk officer. The offices of the chairman and the general manager may not be held concurrently by one person.

Article 139 The general manager of the Company shall be accountable to the board of directors and exercise the following functions and powers:

- (1) to preside over the production, operation and management of the Company, and report to the board of directors on his work;
- (2) to arrange the implementation of the resolutions of the board of directors;
- (3) to arrange the implementation of the Company's annual business, investment and financing plans formulated by the board of directors;
- (4) to propose plans for the establishment of the Company's internal management office;
- (5) to propose plans for the establishment of branch companies, business division and other branches of the Company;
- (6) to formulate the Company's basic management system;
- (7) to develop the Company's specific rules and regulations;
- (8) to propose to the board of directors for the appointment or removal of the deputy general managers and the person in charge of financial matters, and provide suggestions on remuneration;
- (9) to appoint or remove the management officers (other than those required to be appointed or removed by the board of directors), and determine their appraisal, remuneration, bonus and punishment;
- (10) to review the wages, benefits and incentive scheme of the Company's employees, and decide on the employment and dismissal of employees;
- (11) to determine matters such as the Company's investment, financing, contracts and transactions to the extent authorized by the Articles of Association and the board of directors;
- (12) to arrange implementation of the work plan for the Company's cultural construction;
- (13) other functions and powers authorized by the Articles of Association or the board of directors.

Article 140 The general manager of the Company shall attend board meetings and, if not a director, shall not have voting right thereat.

Article 141 The general manager shall formulate work rules for the general manager for implementation after approval by the board of directors.

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

Article 142 When exercising his functions and powers, the general manager of the Company shall fulfill the obligations of integrity and diligence pursuant to laws, administrative regulations and the Articles of Association.

Chapter 14: Chief Risk Officer

Article 143 The Company shall have a chief risk officer responsible for supervising and inspecting the legal compliance and risk management of the Company's operations and management activities. The chief risk officer shall be accountable to the board of directors.

Article 144 The appointment or dismissal of the chief risk officer shall be nominated by the chairman or one-third or more of the directors, together with the consent of all the independent non-executive directors and the approval of two-thirds or more of the directors of the board of directors.

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

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

Article 145 The major duties of the chief risk officer are:

- (1) supervision and inspection of the legal compliance and risk management of the operations and management of the Company, and to verify the relevant issues of the Company in accordance with the requirements of the regulatory authorities.
- (2) to report the legal compliance and risk management of the operations and management of the Company to the general manager, the board of directors of the Company and the CSRC's agency at the Company's domicile.
- (3) to handle matters required for investigation by CSRC, its local agencies and self-regulatory organizations, and cooperate with regulatory inspections and investigations.
- (4) to give direction on how to handle complaints and reports involving violation of laws and regulations by the Company and its employees.
- (5) other duties stipulated by relevant laws, regulations and normative documents.

Article 146 The chief risk officer may exercise the following functions and powers as needed to perform his/her duties:

- (1) to participate in or attend the meetings related to his/her performance of duties;
- (2) to have access to relevant documents, archives and information of the Company;
- (3) to conduct interviews with relevant staff of the Company, as well as personnel of the intermediary service organizations providing audit, legal and other services to the Company;
- (4) to get understanding of the business operation of the Company, to supervise and inspect the compliance of the Company's business operation, and to conduct risk assessment and give warnings;

- (5) to provide comments and recommendations on compliance issues concerning the Company's major decisions, management systems, business rules and processes;
- (6) other functions and powers stipulated in the Articles of Association.

Article 147 The chief risk officer is prohibited to:

- (1) commit unauthorized absence, fail to perform his/her duties without cause or reason, or authorize others to perform duties on his/her behalf;
- (2) hold any other positions in the Company other than the head of the compliance department, or engage in activities that may affect the independent performance of his/her duties;
- (3) withhold the information about, delay to report or make false report on, any illegal behavior and irregularity or significant potential risk in the Company's operation and management;
- (4) take advantage of his/her position for personal gains;
- (5) abuse his/her power to intervene the Company's normal operation;
- (6) do harm to the legitimate interests of the Company or customers by leaking the Company's secrets or customer information to third parties unrelated to the performance of his/her duties;
- (7) prejudice the legitimate interests of customers or the Company in any other ways.

Article 148 In the event of being aware that there are other problems in addition to those illegal behaviors and irregularities or significant potential risks listed in Article 149 of these Articles of Association with regards to the legal compliance and risk management in the Company's operation and management, the chief risk officer shall provide suggestions on rectifications to general manager or person in charge in a timely manner.

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

Article 149 In the event of being aware that the Company commits following illegal behaviors and irregularities or is exposed to significant potential risks, the chief risk officer shall promptly report to the CSRC's local agency at the Company's domicile and report to the board of directors and the supervisory committee:

- (1) alleged occupation, misappropriation of customers' security deposits and other behaviors violating the customers' rights and interests;
- (2) the Company's assets are withdrawn, occupied, misappropriated, seized, frozen or used as security;
- (3) the Company's net capital is unable to consistently meet regulatory standards;
- (4) the Company may be exposed to significant risks due to significant litigation or arbitration;
- (5) shareholders intervene the Company's normal operation;
- (6) other circumstances specified by the CSRC.

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

Article 150 If the board of directors intends to remove the chief risk officer from office, it shall notify him in advance and report in writing the grounds for the removal, details about the performance of duties by the chief risk officer and a list of replacement candidates to the CSRC's agency at the Company's domicile. The deposed chief risk officer can explain details to the CSRC's agency at the Company's domicile.

Article 151 If the chief risk officer tenders his resignation, he shall apply 30 days in advance to the board of directors and report the same to the CSRC's agency at the Company's domicile.

Article 152 The chief risk officer shall maintain full independence in the performance of his duties, Shareholders and directors of the Company shall not give instructions directly to the chief risk officer by bypassing the board of directors or interfere in his work.

Chapter 15 General Legal Counsel

Article 153 The Company shall have one general legal counsel who shall be nominated by the chairman, and be appointed or dismissed by the board of directors. The general legal counsel is a senior management officer of the Company, and he is fully responsible for legal affairs.

Chapter 16: Supervisory Committee

Article 154 The Company shall establish a supervisory committee.

Article 155 The supervisory committee shall comprise seven (7) supervisors. The term of office of supervisors shall be three years, renewable upon re-election and re-appointment. The appointment or removal of supervisors of the Company shall be reported to the local agency of the CSRC for record as required.

The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the approval of two-thirds or more of its members by voting.

Article 156 Supervisors who are not staff representatives shall be elected and removed by shareholders at general meetings, while supervisors as staff representatives shall be elected and removed through democratic means by the staff of the Company. The number of supervisors as staff representatives of the Company shall not be less than one-third of the number of the supervisors.

Article 157 Directors and senior management officers of the Company shall not concurrently act as supervisors.

Article 158 If a supervisor is not reelected promptly upon expiration of his term of office or if the resignation of a supervisor during his term of office renders the number of the members of the supervisory committee being less than a quorum, the former supervisor shall, before the reelected supervisor takes office, continue to perform his duties as a supervisor in accordance with laws, administrative regulations and the Articles of Association.

Article 159 The supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

Article 160 A supervisor may not damage the Company's interests by making use of its connected relationship. If a loss is caused to the Company, he shall be liable for compensation.

Article 161 A supervisor shall be liable for compensation if a loss is caused to the Company as a result of the violation of laws, administrative regulations, departmental rules or the Articles of Association during the performance of his duties for the Company.

Article 162 The supervisory committee shall convene at least one meeting every six months, which shall be convened and presided over by the chairman of the supervisory committee. Should the chairman of the supervisory committee be unable to, or fail to perform his duties, a supervisor elected by half or more of the supervisors shall convene or preside over the meeting.

Supervisors may propose to convene an extraordinary meeting of the supervisory committee.

The staff of the supervisory committee shall give written notice to all supervisors ten days prior to each meeting of the supervisory committee through direct service, fax, email or otherwise. The notice shall include the date, venue, duration and agenda of the meeting as well as the date of giving the notice.

In urgent cases where there is a need to convene an extraordinary meeting of the supervisory committee as soon as possible, notice of the meeting may be given by telephone or otherwise, but the convener shall explain this at the meeting.

Article 163 The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with laws:

- (1) to review the Company's finance;
- (2) to monitor any acts of the directors and senior management officers of the Company during their performance of duties, and to propose dismissal of any directors and senior management officers of the Company who violate laws, administrative regulations, the Articles of Association or any resolutions of shareholders' general meetings;
- (3) to demand rectification from a director and senior management officers when the acts of such persons are harmful to the Company's interest;
- (4) to verify the financial information such as the financial report and business report to be submitted by the board of directors to the shareholders' general meetings and, should any queries arise, to authorize, in the name of the Company, a re-examination by the certified public accountants and practicing auditors;

- (5) to propose the convening of an extraordinary general meeting and to convene and preside over shareholders' general meetings when the board of directors fails to perform such duties;
- (6) to submit proposals to the shareholders' general meeting;
- (7) to bring an action against a director or a senior management officer in accordance with Article 152 of the Company Law;
- (8) to propose the convening of an extraordinary board meeting;
- (9) to elect the chairman of the supervisory committee;
- (10) to carry out investigation if the Company is found to have abnormal operations; if necessary, an accounting firm or a law firm and other professional institutions may be engaged to assist it in its work at the expenses of the Company;
- (11) to supervise the implementation of the Company's cultural construction;
- (12) to exercise other functions and powers specified in the Articles of Association.

Supervisors shall attend the board meetings as non-voting participants and may raise queries or suggestions on the resolutions of the board of directors.

Article 164 Voting on resolution at a meeting of the supervisory committee shall be conducted by registered poll. Each supervisor has one vote. A supervisor shall attend the meetings of the supervisory committee in person, or appoint other supervisor in writing to attend the meeting on his behalf if he is not able to attend the meeting for any reasons. The scope of authorization shall be specified in the power of attorney.

Resolutions of the supervisory committee shall be passed by two-thirds or more of the members of the supervisory committee.

Article 165 The supervisory committee shall maintain minutes for each meeting. Supervisors shall be entitled to request to make descriptive statements for his speech at a meeting in the minutes, and the supervisors present and minutes taker(s) shall sign on the minutes. The minutes of meetings of supervisory committee shall be kept as corporate archives for a period of ten years.

Article 166 In order to exercise its powers, the supervisory committee may engage experts such as lawyers, certified public accountants and practicing auditors. The reasonable expenses arising therefrom shall be borne by the Company.

Reasonable expenses incurred by supervisors in attending meetings of the supervisory committee shall be borne by the Company. Such expenses may include costs for transportation to the venue of the meeting (if not the place where the supervisors are located), accommodation expenses, rental for the meeting venue and local transportation costs during the meeting.

Article 167 A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

Chapter 17: Qualifications and Responsibilities of Directors, Supervisors and Senior Management Officers

Article 168 The Company's directors, supervisors and senior management officers shall meet the relevant requirements under the Measures Governing the Qualifications for the Position of Directors, Supervisors and Senior Management Officers of Futures Companies as well as other relevant laws, administrative regulations and regulatory documents.

Article 169 A person may not serve as a director, a supervisor or a senior management officer of the Company if any of the following circumstances applies:

- (1) a person who does not have or who has limited capacity for civil acts;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social or economic order, where less than five years have elapsed since the sentence was served, or who has been deprived of his political rights due to a criminal offense and less than five years have elapsed since the sentence was served;
- (3) a person who is a former director, factory manager or a manager of a company or an enterprise which has been put into bankruptcy liquidation and who was personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;

- (4) a person who is a former legal representative of a company or an enterprise the business licence of which was revoked and which was ordered to close down due to violation of the law, and who is personally liable for such revocation, where less than three years have elapsed since the date of the revocation of the business licence;
- (5) a person who has a relatively large amount of debts which have become overdue;
- (6) a person who is currently under investigation by the judicial authorities due to violation of criminal laws;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been convicted by the competent authority for violation of the provisions of relevant securities laws and regulations, and involved in fraudulent or dishonest acts, where less than five years have elapsed from the date of such conviction;
- (10) a person who has been penalized by the CSRC by barring his access to the securities market, and the term of such penalty has not yet expired;
- (11) a person who may not serve as a director, a supervisor or a senior management officer of a futures company pursuant to the Measures Governing the Qualifications for Holding Position of Directors, Supervisors and Senior Management Officers of Futures Companies;
- (12) other circumstances as stipulated in the relevant laws and regulations of the places where the Company's shares are listed.

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

If this Article is violated in electing or appointing directors, supervisors and senior management officers, such election, appointment or employment shall be invalid. Where circumstances under this Article arise during the term of office of directors, supervisors and senior management officers, the Company may remove them from office.

Article 170 The validity of an act carried out by a director, a general manager and a senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his office, election or qualifications.

Article 171 In addition to the obligations required by laws, administrative regulations or the listing rules of the stock exchanges where the Company's shares are listed, each of the Company's directors, supervisors and senior management officers shall assume the following obligations in respect of each shareholder in the exercise of the functions and powers conferred on him by the Company:

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

Article 172 Each of the Company's directors, supervisors and senior management officer shall in the exercise of his powers or discharge of his obligations act what he shall act by exercising the due care, due diligence and skills that a reasonably prudent person should exercise in comparable circumstances, and owe a duty of diligence towards the Company as follows:

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

- (4) he shall sign a written confirmation of comments on the Company's periodic reports, and ensure that information disclosed by the Company is true, accurate and complete;
- (5) he shall truthfully provide relevant information and materials to the supervisory committee, without prejudice to the exercise of functions and powers by the supervisory committee or supervisors;
- (6) other duties of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Article 173 Each of the Company's directors, supervisors and senior management officers shall exercise his powers or perform his duties in accordance with the principle of good faith, and shall not put himself in a position where his interests may conflict with his obligations. This principle includes (but is not limited to) discharging the following obligations:

- (1) to act in good faith in the best interests of the Company;
- (2) to exercise powers within his terms of reference without ultra vires;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of any other party;

unless permitted by laws and administrative regulations or with the informed consent of the shareholders' general meeting, delegation of discretionary powers to others is prohibited;

- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided in the Articles of Association or with the informed approval of the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's assets for personal benefits in any manner without the informed consent of the shareholders' general meeting;
- (7) not to use his authority to accept bribes or other illegal income or misappropriate the Company's capital or embezzle the Company's property in any manner, including (but not limited to) any opportunity favourable to the Company;

- (8) not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders' general meeting;
- (9) to comply with the Articles of Association, to perform duties faithfully, to safeguard the Company's interests and not to seek personal gains by taking advantage of his position and authority in the Company;
- (10) not to compete with the Company in any way without the informed consent of the shareholders' general meeting; not to prejudice the interests of the Company by taking advantage of connected relationships;
- (11) not to misappropriate the Company's funds or to lend such funds to any other persons, not to set up accounts in his own name or in the any other names for depositing the Company's assets, and not to provide guarantees for the debts of shareholders of the Company or any other personal liabilities with the assets of the Company; and
- (12) not to release any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders' general meeting; not to use such information other than for the benefit of the Company, save that such information may be disclosed to the court or other competent authorities of the government if:
 - (i) stipulated by laws;
 - (ii) required in the public interests;
 - (iii) required in the interests of the relevant director, supervisor and senior management officer.
- (13) other loyalty obligations stipulated by laws, administrative regulations, departmental rules and regulations, the Hong Kong Listing Rules and the Articles of Association.

The income generated as a result of the violation of this Article by the persons referred to herein shall be vested in the Company; if a loss is caused to the Company, they shall be liable for compensation.

Article 174 Each director, supervisor and senior management officer of the Company shall not direct the following persons or institutions (“related person”) to do what they may do not under laws, regulations and the Articles of Association;

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

Article 175 The fiduciary duties of the directors, supervisors and senior management officers of the Company shall not necessarily cease upon termination of their tenures. The duty of confidentiality in respect of trade secrets of the Company shall survive the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and conditions under which the relationships between them and the Company are terminated.

Article 176 Except for the circumstances stipulated in Article 64 of the Articles of Association, a director, supervisor or senior management officer of the Company may be relieved of the liability for a specific breach of his obligations with the informed consent of the shareholders’ general meeting.

Article 177 Where a director, supervisor or senior management officer of the Company is, directly or indirectly, materially interested in a concluded or contemplated contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the board of directors as soon as possible, whether or not such matter is subject to the approval or consent of the board of directors under normal circumstances.

Subject to the exceptions permitted by Paragraph 4(1) of Appendix 3 to the Hong Kong Listing Rules or the HK Stock Exchange, a director shall not vote on any resolution of the board of directors in relation to any contract, transaction, arrangement or other proposals in which he or any of his close associates (as defined in the applicable securities listing rules in force from time to time) is materially interested. In determining the quorum of the meeting, the relevant director shall not be counted towards the quorum.

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

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

Article 178 Where a director, supervisor or senior management officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in a contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be taken for the purposes of the preceding Article of this Chapter to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the entering into of the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 179 The Company shall not in any manner pay taxes for its directors, supervisors or senior management officers.

Article 180 The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with a loan to a director, supervisor or senior management officer of the Company or of the Company's parent company or to any of their respective related person.

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

- (1) the provision by the Company of a loan or a guarantee in connection with a loan to its subsidiaries;
- (2) the provision by the Company of a loan or a guarantee in connection with a loan or any other funds available to any of its directors, supervisors or senior management officers for him to settle expenditures incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders' general meeting; and
- (3) if the ordinary scope of business of the Company includes the lending of money or the provision of guarantees, the Company may make a loan or provide a guarantee in connection with a loan to any of the relevant directors, supervisors or senior management officers or their respective related person on normal commercial terms.

Article 181 Any person who receives funds from a loan which has been made by the Company in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 182 A loan guarantee which has been provided by the Company in breach of paragraph (1) of Article 180 shall not be enforceable against the Company, save in respect of the following circumstances:

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

Article 183 For the purposes of the foregoing provisions of this Chapter, a guarantee shall include an undertaking of responsibility or the provision of property by a guarantor to secure the performance of obligations by an obligor.

Article 184 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor or senior management officer of the Company is in breach of his duties owed to the Company, the Company shall have a right to:

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

Article 185 The Company shall enter into a contract in writing with each of the directors, supervisors and senior management officers, including the following contents at least:

- (1) the directors, supervisors and senior management officers shall undertake to the Company that they will comply with the Company Law, Special Regulations, the Hong Kong Listing Rules, the Articles of Association and other provisions of the HK Stock Exchange, and agree that the Company is entitled to access the remedial measures as stipulated in the Articles of Association. The contract and his position shall not be transferred;
- (2) the directors, supervisors and senior management officers shall undertake to the Company that they will observe and perform their obligations to shareholders stipulated in the Articles of Association; and
- (3) the arbitration clauses as provided in Article 229 of the Articles of Association.

Article 186 The Company shall, with the prior approval of the shareholders' general meeting, enter into a contract in writing with a director or supervisor regarding his emoluments. The aforesaid emoluments shall include:

- (1) the emoluments in respect of his service as a director, supervisor or senior management officer of the Company;
- (2) the emoluments in respect of his service as a director, supervisor or senior management officer of any subsidiary of the Company;
- (3) the emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries; and
- (4) the payment for compensation for the loss of office, or as a consideration for or in connection with his retirement from office.

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

Article 187 The contracts concerning emoluments entered into between the Company and its directors or supervisors shall provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of the shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

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

- (1) an acquisition offer made by any person to all shareholders; or
- (2) an acquisition offer made by any person with a view to making the offeror a controlling shareholder. The term "controlling shareholder" has the same meaning as defined in Article 65 of the Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of accepting such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be deducted from such sum.

Chapter 18: Financial and Accounting System and Profit Distribution

Article 188 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the competent finance authorities of the State Council.

Article 189 At the end of each accounting year, the Company shall prepare a financial report which shall be audited by an accounting firm according to law.

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

Article 190 The board of directors shall present to the shareholders at every annual general meeting the financial reports prepared by the Company as required by the relevant laws, administrative regulations and regulatory documents promulgated by the local governments and competent authorities.

Article 191 The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of an annual general meeting. Each shareholder of the Company shall have the right to receive a copy of such financial reports referred to in this Chapter.

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

Article 192 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 193 Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations.

Article 194 The Company shall publish its results within two months and dispatch an interim financial report within three months after the expiration of the first six months of each accounting year. The results shall be published within three months after the end of an accounting year and an annual financial report shall be dispatched at least twenty-one days before an annual general meeting (in any case within four months after the end of the accounting year).

If the securities regulatory authorities of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

Article 195 The Company shall not maintain accounts separately other than those provided by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

Article 196 The capital reserve fund shall include the following amounts:

- (1) the premiums received when shares are issued at a premium to their par value;
- (2) any other income required to be included in the capital reserve fund by the competent finance authorities of the State Council.

Article 197 In distributing the current year's profit after tax, 10% of the profit shall be allocated to the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached 50% or more of the Company's registered capital, further appropriations are not be required.

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

The Company shall allocate 10% of its annual profits after tax as a general risk reserve to compensate for risks.

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

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

If a shareholders' general meeting has, in violation of the preceding paragraph, distributed profits to shareholders before making up losses and allocating to the statutory reserve fund, shareholders shall return to the Company the profits distributed in violation of the provisions.

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

Article 198 The Company's reserve funds shall be used to make up the losses or expand the production operations, or be converted to increase the share capital of the Company. However, the capital reserve fund shall not be used to make up the losses of the Company.

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

Article 199 The Company may distribute dividends in the form of (or a combination of both):

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

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

Article 200 Any amount paid up in advance of calls on any share shall carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a subsequent dividend declaration.

Article 201 The Company shall appoint a receiving agent for the holders of overseas listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of the overseas listed foreign shares, and safekeep such amounts on behalf of the shareholders for subsequent payment to such holders.

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

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

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

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

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

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

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

Chapter 19: Appointment of Accounting Firms

Article 202 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and other financial reports.

The first accounting firm of the Company may be appointed at the inaugural meeting of the Company before the first annual general meeting. The accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise its powers under the preceding paragraph, those powers shall be exercised by the board of directors.

Article 203 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

Article 204 The accounting firm appointed by the Company shall have the following rights:

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

Article 205 If there is a vacancy in the position of accounting firm of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the convening of a shareholders' general meeting. However, if there is another incumbent accounting firm during the period of such vacancy, such accounting firm may continue to act.

Article 206 The shareholders' general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the accounting firm and the Company. If the accounting firm has the right to claim compensation for its removal, that right shall not be affected thereby.

Article 207 The remuneration of an accounting firm or the manner in which such remuneration is determined shall be decided by a shareholders' general meeting. The remuneration of the accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 208 The Company's appointment, removal and non-reappointment of an accounting firm shall be decided by a shareholder' general meeting and filed with the securities regulatory authorities of the State Council.

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

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

Vacating a post shall include removal, resignation and retirement.

- (2) If the accounting firm vacating its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the representations are received too late) take the following measures:
 - (i) in any notice of meeting held for making the resolution, state the fact that representations have been made by the vacating accounting firm; and
 - (ii) attach a copy of the representations to the notice and send it to the shareholders in the manner stipulated in the Articles of Association.

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

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

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

(i) the shareholders' general meeting at which its term of office would otherwise have expired;

(ii) the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and

(iii) the shareholders' general meeting which is convened as a result of its resignation,

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings on matters concerning its role as the former accounting firm of the Company.

Article 209 If the Company proposes to remove an accounting firm or not to renew the appointment thereof, it shall notify the accounting firm in advance, and the latter shall have the right to state its opinions at a shareholders' general meeting. If the accounting firm resigns, it shall explain to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

(1) The accounting firm may resign from its office by depositing a written notice of resignation at the legal address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated therein. The notice shall contain the following statements:

(i) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or

(ii) a statement of any such circumstances that shall be explained.

- (2) The Company shall, within fourteen days after receipt of the notice referred to in sub-paragraph (1) of this Article, send a copy of the notice to the relevant competent authorities. If the notice contains a statement under sub-paragraph (1)(ii) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder who is entitled to receive the Company's financial statements at the address registered in the register of shareholders.
- (3) If the accounting firm's notice of resignation contains a statement under sub-paragraph (1) (ii) of this Article, the accounting firm may request the board of directors to convene an extraordinary general meeting to listen to the explanation on the resignation.

Chapter 20: Merger and Demerger of the Company

Article 210 In the event of a merger or demerger of the Company, a plan shall be proposed by the board of directors and shall be approved in accordance with the procedures stipulated in the Articles of Association. The Company shall then go through the relevant approval process according to the law. Shareholders who oppose the plan of merger or demerger of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The contents of the resolution on the merger or demerger of the Company shall constitute special documents which shall be available for inspection by shareholders of the Company.

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

Article 211 A merger of the Company may take the form of either a merger by absorption or a merger by establishment of a new entity.

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

Upon completion of the merger, the rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or by the newly established company.

Article 212 Where there is a demerger of the Company, its assets shall be divided up accordingly.

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

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

Article 213 The Company shall, in accordance with the law, apply for change in its registration with the company registration authorities where a change in any item in its registration arises as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the law. Where a new company is established, an application for registration for company establishment shall be made in accordance with the law.

Chapter 21: Dissolution and Liquidation of the Company

Article 214 In any of the following circumstances, the Company shall be dissolved and liquidated in accordance with the law:

- (1) a shareholders' general meeting resolves to dissolve the Company;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the Company is declared bankrupt according to the law due to its failure to settle liabilities due;
- (4) the business licence is revoked, the Company is ordered to close down or is wound up according to the law;

- (5) where the Company has experienced material difficulties in operation and management, and the continuous operation thereof would lead to substantial loss to the benefits of its shareholders which cannot be resolved by other means, shareholders holding 10% or more of the total voting rights of the Company may appeal to the people's court for dissolution of the Company;
- (6) other circumstances in which the Company is required to dissolve according to the laws and regulations.

Article 215 Where the Company is dissolved pursuant to sub-paragraph (1) of the preceding Article, a liquidation committee shall be set up within fifteen days, and the composition of the liquidation committee shall be determined by an ordinary resolution at a shareholders' general meeting.

Where the Company is dissolved pursuant to sub-paragraphs (3) and (5) of the preceding Article, the people's court shall, according to the relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Where the Company is dissolved pursuant to sub-paragraph (4) of the preceding Article, the relevant competent authorities shall organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Article 216 Where the board of directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the board of directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect 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 pay its debts in full within twelve months from the commencement of the liquidation.

All the functions and powers of the board of directors shall cease immediately upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article 217 The liquidation committee shall notify creditors within ten days from the date of its establishment and publish an announcement in newspapers within sixty days. The creditors may declare their claims to the liquidation committee within thirty days from the date of receiving the above notice or within forty-five days from the announcement date if no such notice is received. The claims shall be registered by the liquidation committee according to the law. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Article 218 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

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

Article 219 After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to a shareholders' general meeting or to the relevant competent authorities for confirmation.

The assets of the Company shall be applied to settle payments in the following order: payment of liquidation expenses, staff wages, social insurance expenses, statutory compensation, outstanding taxes and the Company's debts.

The remaining assets of the Company after settlement of payments in accordance with the preceding paragraph shall be distributed to shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall continue to exist, but may not commence any business activities not related to the liquidation.

Article 220 If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company due to its dissolution, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, it shall immediately apply to the people's court for a declaration of bankruptcy.

After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall hand over all matters arising from the liquidation to the people's court.

Article 221 Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by PRC certified public accountants, and then submit them to a shareholders' general meeting or the people's court or other relevant competent authorities for confirmation.

The liquidation committee shall, within thirty days after such confirmation given by the shareholders' general meeting or the people's court or other relevant competent authorities, submit the aforesaid documents to the company registration authorities and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

Chapter 22: Procedures for Amendments to the Company's Articles of Association

Article 222 The Company may amend the Articles of Association according to the provisions of laws, administrative regulations and the Articles of Association.

Article 223 Amendments to the Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon approval by the company approval authorities authorized by the State Council and the securities regulatory authorities of the State Council. Where amendments involve the registered particulars of the Company, alteration of registration shall be made in accordance with the law.

Article 224 The Company shall amend the Articles of Association under any of the following circumstances:

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

Article 225 Amendments to the Articles of Association shall be information required to be disclosed under the laws, regulations or the listing rules of the place where the Company's shares are listed, and shall be announced according to the provisions.

Chapter 23: Notices

Article 226 Unless otherwise required by the Articles of Association, if the notices to the holders of overseas listed foreign shares are issued by way of announcement, any ready-to-publish electronic copy of such notices shall be submitted through HKEx-EPS to the HK Stock Exchange for publication on its website on the same day in accordance with the local listing rules. The announcement shall meanwhile be published on the Company's website. In addition, it shall be served on each of the holders of the overseas listed foreign shares by hand or by prepaid mail to their addresses as shown in the register of shareholders, so that the shareholders would be fully notified and have enough time to exercise his right or act in accordance with the terms in the notice.

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

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

Article 227 Where a notice is given by hand, the date of signing (or sealing) the receipt by the person on whom the notice is served or the date of acknowledging the receipt by such person shall be the date of service. Where a notice is delivered by post, it shall be taken as having been delivered to the extent that the envelope is properly addressed, the postage is prepaid and the notice is delivered to the post office. The notice shall be taken as having been received after three days upon the delivery. Where a notice is given by way of announcement, the date of the first publication of the announcement shall be the date of service; where a notice is given by fax or email, the date of giving such notice shall be the date of service.

Article 228 Notwithstanding the aforesaid provision which specifies the provision and/or dispatch of written corporate communication to shareholders, for the purpose of the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Hong Kong Listing Rules, if the Company has obtained shareholders' prior written consent or implied consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication shall include but not limited to circulars, annual reports, interim reports, quarterly reports, notices of the shareholders' general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

Chapter 24: Settlement of Disputes

Article 229 The Company shall abide by the following principles for settlement of disputes:

- (1) Any disputes or claims of rights between (i) the Company and its directors or senior management officers and (ii) the holders of the overseas listed foreign shares and the Company, the holders of the overseas listed foreign shares and the Company's directors, supervisors or senior management officers, or the holders of the overseas listed foreign shares and the holders of domestic shares arising from any rights or obligations under the Articles of Association, the Company Law, other relevant laws or administrative regulations or in connection with the affairs of the Company, shall be referred by the relevant parties to arbitration.

Where the aforesaid disputes or claims of rights are referred to arbitration, the entire claims or disputes must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the disputes or claims or whose participation is necessary for the resolution of such disputes or claims, shall, where such person is the Company or a shareholder, director, supervisor or senior management officer of the Company, submit to the arbitration.

Disputes over the definition of shareholders and the register of shareholders need not be resolved by arbitration.

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

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

- (3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) above, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitral body shall be final and binding on all parties.

Chapter 25: Supplementary Provisions

Article 230 In the Articles of Association, the terms “no less than”, “within” and “no more than” are inclusive terms, while the terms “more than” and “less than” are exclusive terms.

Interpretations:

- (1) “de facto controller” means a person who, although not a shareholder of the Company, can actually control the acts of the Company through investment relations, agreements or other arrangements.
- (2) “connected relationship” refers to a relationship between the controlling shareholder, de facto controllers, directors, supervisors and senior management officers of the Company and the enterprises under their direct or indirect control; other relationships that may lead to the transfer of the Company's interests; and other connected relationships specified under the Hong Kong Listing Rules. However, there is a connected relationship between enterprises in which the PRC has a controlling interest not only because these enterprises are all subject to such controlling interest.
- (3) “connected transaction” as defined under the Hong Kong Listing Rules.

Article 231 “Senior management officers” referred to in the Articles of Association mean the general manager, deputy general managers, chief risk officer, the person in charge of financial matters, general legal counsel and secretary to the board of directors. References to “general manager”, “deputy general managers” and “the person in charge of financial matters” in the Articles of Association are references to “manager”, “vice manager” and “the person in charge of financial matters” in the Company Law. In particular, the meaning of “general manager” and “deputy general managers” is the same as that of “president” and vice-president” referred to in the Hong Kong Listing Rules.

Article 232 In the Articles of Association, the meaning of an accounting firm is the same as that of “auditors” referred to in the Hong Kong Listing Rules.

Article 233 The Articles of Association are written in Chinese. In the event of any conflict between the Articles of Association in other languages or different versions and the Articles of Association in Chinese, the latest approved and registered Chinese version verified by the company registration authorities shall prevail. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

The power of interpretation of the Articles of Association shall be vested in the Company’s board of directors. Any matters not covered in the Articles of Association shall be proposed by the board of directors at a shareholders’ general meeting for approval by means of resolution.