Please note: **Chinese version** is binding

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Measures for the Administration of the Pilot Program of Preferred Shares

Chapter I General Provisions

Article 1 To regulate the issuance of and trading in preferred shares and protect the lawful rights and interests of investors, these Measures are developed in accordance with the Company Law, the Securities Law, the Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares, and other relevant laws and regulations.

Article 2 For the purposes of these Measures, “preferred shares” means a class of shares other than the generally prescribed common shares, as additionally prescribed in accordance with the Company Law, the holders of which have priority over the holders of common shares in the distribution of profits and residual assets but have restricted rights to participate in the decision-making and management of the company, among others.

Article 3 Listed companies may issue preferred shares, and non-listed public companies may issue preferred shares only in a non-public manner.

Article 4 The pilot program of preferred shares shall conform to the Company Law, the Securities Law, the Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares, and the relevant provisions of these Measures, and follow the principles of openness, fairness, and equity; and fraud, insider trading, and market manipulation are prohibited.

Article 5 To participate in the pilot program of preferred shares, securities companies and other securities service institutions shall abide by laws, regulations, and the relevant rules of the China Securities Regulatory Commission (“CSRC”), adhere to the business standards and code of conduct generally accepted in the sector, act in good faith, and diligently perform their duties.

Article 6 During the pilot period, it is not allowed to issue preferred shares with different levels of priority in the distribution of dividends and residual assets, but it is allowed to issue preferred shares with different arrangements in other terms.

Where a company issues both preferred shares with mandatory dividend distribution and preferred shares without any mandatory dividend distribution clause, it is not issuance of preferred shares with different levels of priority in dividend distribution.

Article 7 Preferred shares issued under the same terms shall carry the
same rights. Preferred shares in the same issue under the same terms shall carry the same issuance conditions and price and nominal yield per share, and entities or individuals shall pay the same price for each of such shares subscribed.

Chapter II Exercise of the Rights of Preferred Shareholders

Article 8 In addition to determining the relevant clauses of its bylaws in accordance with the Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares, a company issuing preferred shares shall specify the relevant rights and obligations of preferred shareholders in its bylaws in accordance with these Measures.

Article 9 Where preferred shareholders are entitled to participate in the distribution of residual profits with common shareholders after dividends are distributed to preferred shareholders at the agreed dividend rate, the bylaws shall specify the proportion, conditions, and other matters for preferred shareholders to participate in the distribution of residual profits.

Article 10 Under any of the following circumstance, where a shareholders' meeting is to be convened, a company shall notify the preferred shareholders under the procedure for notifying common shareholders as set forth by the Company Law and the company's bylaws. Preferred shareholders are entitled to attend a shareholders' meeting to vote by class on the following matters with common shareholders, with one vote for each preferred share held, but preferred shares held by the company carry no voting rights:

1. Amendment of the provisions related to preferred shares of the bylaws of the company.
2. Reduction of the company’s registered capital by more than 10% at a time or cumulatively.
3. Merger, split, or dissolution or change in the business form of the company.
4. Issuance of preferred shares.
5. Other circumstances as set forth in the bylaws of the company.

A resolution on any of the aforesaid matters may be adopted only with 2/3 or more of the voting rights held by common shareholders (including preferred shareholders to which voting rights revert) present at the meeting and with 2/3 or more of the voting rights held by preferred shareholders (excluding those to which voting rights revert) present at the meeting.

Article 11 The shareholders' meeting of a company may authorize the board of directors to pay dividends on preferred shares according to the bylaws of the company. If the company fails to pay dividends on preferred shares as agreed upon for cumulatively three fiscal years or consecutively two fiscal years, from the day following the day when the shareholders' meeting approves the plan that negates distribution of profits as agreed upon in the year, preferred shareholders are entitled to attend the shareholders' meeting to vote with common shareholders, with each preferred share carrying a percentage of voting rights as specified in the bylaws of the company.

For preferred shares on which dividends may accumulate into the next
fiscal year, voting rights shall revert to preferred shareholders until the company fully pays all dividends in arrears. For preferred shares on which dividends are noncumulative, voting rights shall revert to preferred shareholders until the company fully pays the dividends in the year. The company may specify in its bylaws other circumstances under which voting rights revert to preferred shareholders.

Article 12 The preferred shareholders of a company shall have the right to consult the bylaws of the company, the register of shareholders, the stubs of corporate bonds, the minutes of the shareholders' meetings, the minutes of the meetings of the board of directors, the minutes of the meetings of the board of supervisors, and the financial reports of the company.

Article 13 The repurchase of preferred shares by the issuer includes the redemption of preferred shares called by the issuer and the sale of preferred shares back to the issuer as required by investors, and the specific conditions for repurchase shall be set forth in the bylaws and the prospectus. If the issuer calls redemption of preferred shares, it must fully pay all dividends in arrears, unless preferred shares are issued by a commercial bank to replenish capital. After the repurchase of preferred shares, a decrease in the total number of outstanding preferred shares shall be recorded accordingly.

Article 14 The directors, supervisors, and senior executives of a company shall declare to the company the preferred shares held by them in the company and any changes thereof, and the number of preferred shares transferred each year during their term of office in the company may not exceed 25% of the total number of preferred shares each held in the company. The company may, in its bylaws, otherwise restrict its directors, supervisor, and senior executives from transferring their preferred shares held in the company.

Article 15 Except for matters otherwise specified in the Guiding Opinions of the State Council on Launching the Pilot Program of Preferred Shares, in the calculation of the number of shareholders and their shareholding percentages, those of common shares and those of preferred shares shall be calculated separately.

Article 16 Where the bylaws of a company provide that a fixed dividend rate is adopted for preferred shares, the company may adopt the same rate in the duration of preferred shares, or determine the fixed dividend rate of each year, which may vary in different years. Where the bylaws of a company provide that an adjustable dividend rate is adopted for preferred shares, the calculation method of the nominal yield in the duration of preferred shares shall be specified.

Chapter III Issuance of Preferred Shares by Listed Companies

Section 1 General Rules

Article 17 A listed company shall separate its personnel, assets, and
financial affairs from those of its controlling shareholder or actual controller, and be independent from the latter in organization and operations.

Article 18 A listed company shall have sound internal control rules which can effectively ensure the operating efficiency, compliance with laws and regulations, and reliability of financial reports of the company, and no major defect may exist in the effectiveness of internal controls.

Article 19 The average annual distributable profits in the last three fiscal years of a listed company which issues preferred shares shall not be less than one year's dividends on the preferred shares.

Article 20 A listed company's distribution of cash dividends in the last three years shall conform to its bylaws and the relevant regulatory provisions of the CSRC.

Article 21 There shall be no material accounting violation during the reporting period of a listed company issuing preferred shares. For the public offering of preferred shares, the audit reports issued by certified public accountants on its financial statements for the last three years shall be standard audit reports or unqualified audit reports with emphasized notes. For the non-public offering of preferred shares, if the audit report issued by certified public accountants on its financial statements for the last year is a non-standard audit report, the matter involved shall have no significant adverse impact on the company or the significant adverse impact has been eliminated before the offering.

Article 22 Funds raised by a listed company from the issuance of preferred shares shall have definite uses, and be commensurate with the scope and scale of business of the company, and the uses of the funds raised shall conform to the industrial policies of the state and the laws and administrative regulations on environmental protection and land administration.

Except for enterprises in the financial category, funds raised from the issue may not be used for financial investments such as held-for-trading financial assets, available-for-sale financial assets, or loans to others or be directly or indirectly invested in any company that mainly engages in the trading in negotiable securities.

Article 23 The number of issued preferred shares of a listed company may not exceed 50% of its total number of common shares, and the funds raised from the issuance of preferred shares may not exceed 50% of its net assets prior to the issuance, excluding repurchased and converted preferred shares.

Article 24 Preferred shares of a listed company in the same issue shall have the same terms. Before an issue of preferred shares is completed, a listed company may not launch a new issue.

Article 25 Under any of the following circumstances, a listed company may not issue preferred shares:
(1) There is any false record, misleading statement, or major omission in the application documents submitted for the current issue.
(2) It has received any administrative punishment from the CSRC in the last 12 months.
(3) It is under official investigation by the judicial authority for being suspected of a crime or it is under official investigation by the CSRC for being suspected of a violation of laws or regulations.
(4) The controlling shareholder or actual controller has caused grave damage to the rights and interests of the listed company, and the damage has not been eliminated.
(5) The company or any of its subsidiary companies has provided any external guarantee in violation of regulations, and the guarantee has not been released.
(6) There is any guarantee, litigation, arbitration, great doubt in the market, or other significant event that may have a grave adverse impact on the continuous operation of the company.
(7) Any of its directors and senior executives fails to meet the office eligibility requirements as set forth by any law, administrative regulation or rules.
(8) Other circumstances under which grave damage is caused to the lawful rights and interests of investors or the public interest.

Section 2 Special Provisions on Public Offering

Article 26 The public offering of preferred shares of a listed company shall satisfy one of the following conditions:
(1) Its common shares are constituent shares of the SSE 50 Index.
(2) It uses the publicly offered preferred shares as consideration in an acquisition or merger of another listed company.
(3) If it intends to repurchase common shares for the purpose of reducing its registered capital, it may publicly offer preferred shares and use the preferred shares as consideration, or after the execution of the repurchase plan is completed, publicly offer preferred shares not exceeding the total amount of reduction of its registered capital through repurchase.
Where a listed company no longer satisfies item (1) of this article after the CSRC confirms its public offering of preferred shares, the company may still proceed with the offering.

Article 27 A listed company shall make profits consecutively in the last three fiscal years. The net profits after deducting non-recurring profits and losses or the net profits before the deduction, whichever is lower, shall be the basis for computation.

Article 28 To publicly offer preferred shares, a listed company shall specify the following matters in its bylaws:
(1) A fixed dividend rate is adopted.
(2) Dividends must be distributed to preferred shareholders if there are distributable profits after tax.
(3) When dividends are not paid to preferred shareholders in full amount, the outstanding dividends shall accumulate into the next fiscal year.
(4) After dividends are distributed to preferred shareholders at the agreed rate, preferred shareholders shall no longer participate in the distribution of residual profits with common shareholders.

A commercial bank which issues preferred shares to replenish capital may agree otherwise on matters in items (2) and (3).

Article 29 A listed company which publicly offers preferred shares may first place the preferred shares to existing shareholders.

Article 30 In addition to the circumstances as mentioned in Article 25, a listed company may not publicly offer preferred shares if it has received any administrative punishment for a violation of any law or any administrative regulation or rule governing industrial and commercial affairs, taxation, land, environmental protection, or customs affairs in the last 36 months and the circumstances of the violation are serious.

Article 31 To publicly offer preferred shares, a listed company or its controlling shareholder or actual controller shall, in the last 12 months, violate no public commitment made to investors.

Section 3 Other Provisions

Article 32 The denomination of preferred shares shall be 100 yuan per share.

The issue price and nominal yield of preferred shares shall be fair and reasonable, without detriment to the lawful rights and interests of shareholders or any other interested party, and the issue price may not be lower than the denomination of preferred shares.

The issue price or nominal yield of publicly offered preferred shares shall be determined by book building or in any other way recognized by the CSRC. The nominal yield of non-publicly offered preferred shares may not be higher than the annual average of the weighted average ROE (rate of return on common shareholders' equity) in the last two fiscal years.

Article 33 A listed company may not issue preferred shares convertible into common shares. However, a commercial bank may, in accordance with the provisions on capital supervision of commercial banks, non-publicly offer preferred shares which are forcibly converted into common shares upon occurrence of a trigger event, but shall abide by the relevant provisions.

Article 34 Where a listed company non-publicly offers preferred shares only to the qualified investors as defined in these Measures, the number of such investors may not exceed 200 in each issue, and the cumulative number of such investors of preferred shares under the same terms may not exceed 200.

If preferred shares are issued to overseas strategic investors, the provisions issued by the relevant departments of the State Council shall also be complied with.

Section 4 Offering Procedure
Article 35 Where a listed company applies for issuance of preferred shares, the board of directors of the company shall disclose to the public a preliminary plan on the issue in accordance with the information disclosure requirements of the CSRC, make a resolution on the following matters, and submit it to the shareholders' meeting for approval.

1. The proposal on the issuance of preferred shares.
2. If the preferred shares are non-publicly offered to specific investors, the conditional subscription agreements concluded by the listed company with such investors, which shall specify the number of preferred shares to be subscribed by each investor, the subscription price or pricing criteria, the nominal yield or criteria for the determination thereof, and other essential clauses and shall provide that the investor may not participate in subscription by auction and that the agreement shall become effective immediately after the issue is approved by the board of directors and the shareholders' meeting of the listed company and confirmed by the CSRC.
3. If the investors to which the preferred shares are non-publicly offered have not been determined, the scope and eligibility of investors to which the preferred shares are issued, pricing criteria, and quantity of shares to be issued or a range thereof.

If the controlling shareholder or actual controller of the listed company or any affiliate under its control participates in the subscription for the preferred shares in the non-public offering, item (2) of the preceding paragraph shall apply.

Article 36 The independent directors of a listed company shall make special comments on the impact of the current offering of preferred shares on the equities of various types of shareholders of the company, and such comments shall be disclosed along with the resolution of the board of directors.

Article 37 In the deliberation on the issuance of preferred shares at the shareholders' meeting of a listed company, the following matters shall be voted on one by one:
1. The class and quantity of preferred shares in the issue.
2. The manner of offering, the investors to which the preferred shares are issued, and the arrangements on placing preferred shares to existing shareholders.
3. The denomination and the issue price or the criteria for the determination thereof.
4. The way in which preferred shareholders participate in profit distribution, including but not limited to: the nominal yield or the criteria for the determination thereof, the conditions for the payment of dividends, the mode of payment of dividends, whether dividends are cumulative, and whether preferred shareholders may participate in the distribution of residual profits.
5. Repurchase terms, including but not limited to the conditions, period, price and the criteria for the determination thereof for repurchase and the party exercising the option to repurchase (if any).
6. The uses of funds raised.
7. The conditional subscription agreements (if any) concluded with
investors to which preferred shares are issued.

(8) The valid period of the resolution.

(9) A plan to amend clauses of the bylaws relating to the policies for the distribution of profits and residual assets to preferred shareholders and common shareholders and the reversion of the voting rights to preferred shares, among others.

(10) An authorization of the board of directors to handle specific matters relating to the issue.

(11) Other matters.

The aforesaid resolution must be adopted with 2/3 or more of the voting rights held by common shareholders (including preferred shareholders to which voting rights revert) present at the meeting. If there are outstanding preferred shares, the resolution must also be adopted with 2/3 or more of the voting rights held by preferred shareholders (excluding preferred shareholders to which voting rights revert) present at the meeting. If the listed company issues preferred shares to specific shareholders of the company and the affiliates thereof, the affiliated shareholders shall withdraw from the voting on the proposal on the issuance of preferred shares at the shareholders' meeting.

Article 38 Where a shareholders' meeting is held to deliberate on matters related to the issuance of preferred shares, a listed company shall provide shareholders with online voting, and may also adopt other manners recognized by the CSRC to facilitate the participation of shareholders in the shareholders' meeting.

Article 39 Where a listed company applies for issuing preferred shares, its sponsor shall sponsor and report the offering to the CSRC, and the Measures for the Administration of the Offering of Securities by Listed Companies and the Measures for the Administration of the Offering and Underwriting of Securities shall apply, mutatis mutandis, to the application, examination, confirmation, offering, and other procedures for preferred shares. An application for the issuance of preferred shares shall be examined at a meeting of the Issuance Examination Committee according to the special procedures as set forth in the Measures for the Issuance Examination Committee of the China Securities Regulatory Commission.

Article 40 To issue preferred shares, a listed company may apply for issuance in installments under the same confirmation, and except for the nominal yield, the terms for preferred shares issued in different installments shall be the same. From the day when the offering is confirmed by the CSRC, the listed company shall launch the initial offering within six months, and complete the offering of the rest within 24 months. To offer preferred shares beyond the time limit specified in the confirmation document, the listed company must apply to the CSRC for confirmation again. The size of the initial offering shall not be less than 50% of the total size of the offering, the size of each of the remaining installments shall be determined by the company at its discretion, and each installment shall be reported to the CSRC for recordation within five working days upon completion of offering.

Chapter IV Non-public Offering of Preferred Shares by Unlisted Public
Companies

Article 41 To non-publicly offer preferred shares, an unlisted public company shall satisfy the following conditions:
   (1) It has been operating in accordance with laws and regulations.
   (2) Its corporate governance mechanism is sound.
   (3) It has fulfilled information disclosure obligations according to the law.

Article 42 To non-publicly offered preferred shares, an unlisted public company shall comply with the provisions of Articles 23, 24, 25, 32, and 33 of these Measures.

Article 43 Where an unlisted public company only non-publicly offers preferred shares to the qualified investors as defined in these Measures, the number of such investors may not exceed 200 in each offering, and the cumulative number of such investors of preferred shares under the same terms may not exceed 200.

Article 44 Where an unlisted public company intends to issue preferred shares, the board of directors shall make a resolution on the specific offering proposal, the impact of the offering on the equities of various types of shareholders, the purpose of the offering, the uses of funds raised from the offering, and other matters that must be specified, and submit the resolution to the shareholders' meeting for approval.

If the resolution of the board of directors has determined specific investors to which preferred shares are issued, the resolution shall specify the name, subscription price or pricing criteria, subscription quantity or a range thereof, among others, of each investor, and a conditional subscription agreement shall be concluded with the investor before the meeting of the board of directors is held. If the resolution has not determined specific investors to which preferred shares are issued, the resolution shall specify the scope and eligibility of investors to which the preferred shares are issued and pricing criteria, among others.

Article 45 Where the offering of preferred shares is deliberated at the shareholders' meeting of an unlisted public company, the provisions of Article 37 of these Measures shall apply, mutatis mutandis, to the matters voted on. A resolution on the offering of preferred shares must be adopted with 2/3 or more of the voting rights held by common shareholders (including preferred shareholders to which voting rights revert) present at the meeting. If there are any outstanding preferred shares, the resolution must also be adopted with 2/3 or more of the voting rights held by preferred shareholders (excluding preferred shareholders to which voting rights revert) present at the meeting. Where an unlisted public company offers preferred shares to specific shareholders and the affiliates thereof, the affiliated shareholders shall withdraw from the voting on the offering proposal at the shareholders' meeting, unless the number of common shareholders (excluding preferred shareholders to which voting rights revert) is less than 200.

Article 46 The application, examination (exemption), offering, and other
procedures related to the offering of preferred shares by unlisted public companies shall be governed by the relevant provisions of the Measures for the Supervision and Administration of Unlisted Public Companies.

Chapter V Trading, Transfer, Registration and Settlement

Article 47 Preferred shares may be listed and traded or transferred after issuance, without a lock-up period.

Publicly offered preferred shares may be listed and traded on stock exchanges. Preferred shares non-publicly offered by listed companies may be transferred on stock exchanges, while preferred shares non-publicly offered by unlisted public companies may be transferred on the National Equities Exchange and Quotations, but they may only be transferred to qualified investors. The specific measures for trading or transfer shall be additionally developed by stock exchanges or the National Equities Exchange and Quotations.

Article 48 The investor suitability standards adopted for trading in or transfer of preferred shares shall be consistent with those adopted for the offering of preferred shares. After the non-publicly offered preferred shares under the same terms are traded or transferred, the number of investors thereof may not exceed 200.

Article 49 China Securities Depository and Clearing Company Limited shall provide registration, depository, clearing, settlement, and other services for preferred shares.

Chapter VI Information Disclosure

Article 50 A company shall prepare the prospectus of preferred shares and other information disclosure documents in accordance with the relevant information disclosure rules of the CSRC to fulfill its information disclosure obligations according to the law. Listed companies shall refer to the Measures for the Administration of the Offering of Securities by Listed Companies, the Detailed Implementation Rules for the Non-public Offering of Stocks by Listed Companies, and the relevant regulatory guidelines for the relevant information disclosure procedures and requirements. Unlisted public companies shall refer to the Measures for the Supervision and Administration of Unlisted Public Companies and the relevant regulatory guidelines for the information disclosure procedures and requirements for the non-public offering of preferred shares.

Article 51 When disclosing a periodic report, a company issuing preferred shares shall, in a separate chapter or section, disclose information on the outstanding preferred shares, a list of top ten preferred shareholders and the numbers of preferred shares held by them, the profit distribution to preferred shareholders, the repurchase of preferred shares, the reversion and exercise of preferred shareholders' voting rights, the accounting treatment of preferred shares, and other information on preferred shares. The specific content and format shall be determined by the CSRC.
Article 52 In the event of reversion of voting rights and repurchase of common shares or if any other event that may have a great impact on the trading or transfer price of its common shares or preferred shares occurs, a listed company issuing preferred shares shall fulfill the interim reporting, announcement, and other information disclosure obligations in accordance with Article 67 of the Securities Law and the relevant provisions issued by the CSRC.

Article 53 An unlisted public company issuing preferred shares shall fulfill routine information disclosure obligations in accordance with the Measures for the Supervision and Administration of Unlisted Public Companies and the relevant regulatory guidelines.

Chapter VII Repurchase, Acquisition, Merger and Restructuring

Article 54 A listed company may use non-publicly offered preferred shares as consideration for repurchase of common shares from specific shareholders of the company. The price at which a listed company repurchases common shares shall be fair and reasonable, without detriment to the lawful rights and interests of shareholders or any other interested party.

Article 55 To repurchase common shares by publicly offering preferred shares for the purpose of reducing its registered capital or to use non-publicly offered preferred shares as consideration for repurchase of common shares from specific shareholders of it, a listed company shall conform to the following provisions in addition to the conditions and procedures for the issuance of preferred shares:

(1) To repurchase common shares, the board of directors of the listed company shall make a resolution according to the law and submit the resolution to the shareholders' meeting for approval.

(2) A resolution of the shareholders' meeting on the repurchase of common shares shall cover: the price range, quantity, and percentage of common shares to be repurchased, the time limit for repurchase of common shares, the valid period of the resolution, the specific authorization of the board of directors to handle matters related to the repurchase, and other relevant matters. If preferred shares are issued as consideration, the resolution shall cover the total amount of preferred shares to be used as payment and the percentage of such payment; if preferred shares are publicly offered within one year of completion of the execution of the repurchase plan, the resolution shall cover the total amount and source of repurchase funds.

(3) A resolution of the shareholders' meeting of the listed company regarding the repurchase of common shares must be adopted with 2/3 or more of the voting rights held by common shareholders (including preferred shareholders to which voting rights revert) present at the meeting.

(4) The listed company shall, after the shareholders' meeting makes a resolution on the repurchase of common shares, announce the resolution next day.

(5) The creditors shall be notified of the resolution according to the law. Matters not included in these Measures shall be governed by other
relevant provisions issued by the CSRC on repurchase by listed companies.

Article 56 A listed company's tender offer shall extend to all shareholders of the target company, but different terms may be offered to preferred shareholders and common shareholders.

Article 57 A listed company may issue preferred shares to purchase assets according to the conditions as set forth in the Measures for the Administration of the Significant Asset Restructuring of Listed Companies, but shall disclose the relevant information and undergo the corresponding procedures in compliance with Articles 33, 35, 36, 37, and 38 of these Measures.

Article 58 Where a listed company issues preferred shares as consideration for the purchase of assets, it may raise supporting funds at the same time.

Article 59 Where an unlisted public company's preferred shares offering proposal involves any significant asset restructuring, it shall comply with the provisions on significant asset restructuring issued by the CSRC.

Chapter VIII Regulatory Measures and Legal Liabilities

Article 60 Where a company or the controlling shareholder or actual controller thereof, any director, supervisor, senior executive, or other directly liable person of the company, any relevant intermediary institution in the market or any liable person thereof, or any other market participant involved in the pilot program of preferred shares violates these Measures, the violation shall be handled in accordance with the Company Law, the Securities Law, and the relevant rules of the CSRC; and one suspected of a crime shall be transferred to the judicial authority for criminal investigation.

Article 61 Where a listed company or an unlisted public company, in violation of these Measures, fails to include relevant clauses into its bylaws as required, fails to convene a shareholders' meeting as agreed to revert voting rights to preferred shareholders, or otherwise damages the rights and interests of preferred shareholders or minority shareholders, the CSRC shall order it to take corrective action, and may take corresponding administrative regulatory measures against or impose administrative punishments such as a warning and a fine of not more than 30,000 yuan on the company and the directly liable executive in charge and other directly liable persons thereof.

Article 62 Where a listed company violates paragraph 2 of Article 22 of these Measures, the CSRC may order it to take corrective action, and refuse to accept its application for public offering of securities within 36 months.

Article 63 Where a listed company or an unlisted public company issues preferred shares to investors other than the qualified investors as mentioned in these Measures, the CSRC shall order it to take corrective action, and may refuse to accept its application for issuance of preferred shares within 36
months of confirmation of the violation.

Article 64 Where an underwriter of non-publicly offered preferred shares places the preferred shares to investors that fail to meet the requirements as set forth by these Measures for qualified investors, the CSRC may order it to take corrective action, and disallow it to engage in securities underwriting within 36 months.

Chapter IX Supplemental Provisions

Article 65 “Qualified investors” as mentioned in these Measures includes:

(1) financial institutions formed with the approval of the relevant financial regulatory authorities, including but not limited to commercial banks, securities companies, fund management companies, trust companies, and insurance companies;

(2) the wealth management products issued by the aforesaid financial institutions to investors, including but not limited to banks' wealth management products, trust products, investment-based insurance products, fund products, and securities companies' asset management products;

(3) an enterprise legal person whose total paid-up capital or share capital is not less than five million yuan;

(4) a partnership whose total paid-up capital contribution is not less than five million yuan;

(5) qualified foreign institutional investors (QFII), RMB qualified foreign institutional investors (RQFII), and foreign strategic investors that conform to the provisions issued by the relevant departments of the State Council;

(6) except for the issuer's directors, senior executives, and the spouses thereof, an individual investor whose total assets under various types of securities accounts, capital accounts and asset management accounts are not less than five million yuan; and

(7) other qualified investors as recognized by the CSRC.

Article 66 Where an unlisted public company non-publicly offers preferred shares while undertaking the initial public offering of common shares, the offering of preferred shares and corresponding information disclosure shall conform to the relevant provisions of these Measures governing listed companies' non-public offering of preferred shares.

Article 67 Where a company registered inside China but listed overseas issues preferred shares outside China, it shall comply with the relevant provisions on overseas offering and listing.

Where a company registered inside China but listed overseas issues preferred shares inside China, it shall refer to the provisions of these Measures governing unlisted public companies' offering of preferred shares, the Measures for the Supervision and Administration of Unlisted Public Companies, and other relevant provisions, and its preferred shares may be transferred on the National Equities Exchange and Quotations.

Article 68 The following terms as mentioned in these Measures shall have the following meanings respectively:
(1) “Mandatory dividend distribution” means that a company must distribute dividends to preferred shareholders if it has distributable profits after tax.

(2) “Distributable profits after tax” means the undistributed profits which the issuer's shareholders are legally entitled to.

(3) “Weighted average ROE” means the weighted average ROE as calculated in accordance with the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9—Calculation and Disclosure of the Rate of Return on Common Stockholders' Equity and Earnings per Share.

(4) “SSE 50 Index” means the SSE 50 Index released by China Securities Index Co., Ltd.

Article 69 In the calculation of the number of qualified investors under these Measures, if an asset management institution subscribes for or acquires preferred shares with two or more products under its management, they shall be deemed one investor.

Article 70 These Measures shall come into force on the date of issuance.