

## Articles of Association of China Reinsurance (Group) Corporation

<b>Formulation of articles of association</b>	<b>Date of resolution</b>	<b>Name of meeting</b>	<b>CIRC approval document no.</b>
Formulation of articles of association	10 October 2007	Inaugural meeting	CIRC Fa Gai [2007] No. 1337
First amendment	26 August 2011	Second extraordinary shareholders' general meeting of 2011	CIRC Fa Gai [2011] No. 1827
Second amendment	28 May 2015	Second extraordinary shareholders' general meeting of 2015	CIRC Xu Ke [2015] No. 766
Third amendment	26 June 2015	Third extraordinary shareholders' general meeting of 2015	CIRC Xu Ke [2015] No. 716 CIRC Xu Ke [2016] No. 123

### Chapter 1 General Rules

**Article 1** To safeguard the lawful rights and interests of China Reinsurance (Group) Corporation (the “Company” or “our Company”), its shareholders and creditors, and to regulate the organisation and acts of the Company, the Articles of Association (the “Articles of Association”) have been formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Insurance Law of the People’s Republic of China (the “Insurance Law”), the State Council’s Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of Opinions on Supplements and Amendments to Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and relevant laws, administrative regulations and regulatory requirements.

**Article 2** The Company is a joint stock limited company established in accordance with the Company Law, the Insurance Law and relevant laws, administrative regulations and regulatory requirements.

**Article 3** With the approvals of the State Council of the People's Republic of China, the Ministry of Finance of the People's Republic of China (the "Ministry of Finance" or "MoF") and the China Insurance Regulatory Commission (the "CIRC"), and with the MoF and Central Huijin Investment Ltd. as promoters, China Reinsurance (Group) Company was restructured as China Reinsurance (Group) Corporation. The Company inherited all the assets, liabilities and businesses of China Reinsurance (Group) Company, and registered the change with the State Administration for Industry and Commerce of the PRC (the "SAIC") and obtained its business license (License No.: 100000000023714) on 26 October 2007.

**Article 4** Registered name of the Company: 中國再保險(集團)股份有限公司

Chinese Abbreviation: 中再集團

English name: China Reinsurance (Group) Corporation

English Abbreviation: China Re

English Acronym: CRGC

**Article 5** Company's Domicile: No. 11 Financial Street, Xicheng District, Beijing, the PRC

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Telephone: 8610 66576666

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Website: [www.chinare.com.cn](http://www.chinare.com.cn)

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

**Article 7** The chairman serves as the Company's legal representative. In the event that the chairman is not performing or incapable of performing his/her duties, the vice chairman of the Company shall temporarily assume the duties and powers of the legal representative.

**Article 8** The Articles of Association shall be the highest code of conduct by which the Company and its shareholders, directors, supervisors, president and other senior management officers shall abide when dealing with company matters. The Articles of Association shall be a legally binding document that regulates the organisation and acts of the Company as well as the rights and obligations between the Company and the shareholders and among the shareholders from the date on which it becomes effective. The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, president and other senior management officers. All the above persons may make claims about the rights and obligations related to Company matters in accordance with the Articles of Association.

Where directors, supervisors, president and other senior management officers violate the PRC laws, administrative regulations, regulatory requirements and provisions in the Articles of Association, they shall be liable for the losses caused to the Company and its shareholders as a result of such violation.

According to the Articles of Association, shareholders may initiate proceedings against other shareholders, directors, supervisors, president or other senior management officers, while the Company may initiate proceedings against shareholders, directors, supervisors, president or other senior management officers.

The proceedings mentioned in the preceding paragraph shall include proceedings initiated in a court or an application made to an arbitration body for arbitration.

In case of any discrepancy between the promoters' agreement, shareholders' capital contribution agreement or other shareholders' agreements of the Company and the Articles of Association, the Articles of Association shall prevail.

**Article 9** Senior management officers mentioned herein refer to the Company's president, vice president, chief financial officer, Board secretary and other managerial personnel appointed by the Board of Directors. The Company's directors, supervisors, president and other senior management officers must possess the qualifications as required by the CIRC.

**Article 10** The assets of the Company are divided into equal shares. A shareholder shall be liable for the Company to the extent of the amount of his/her subscribed shares, and the Company shall be liable for the liabilities of the Company to the extent of all its assets.

**Article 11** The Company's business activities are subject to the supervision and administration of the CIRC and other relevant regulatory bodies.

**Article 12** To meet its business development requirement, the Company can establish, change or cancel its subsidiaries or branches and sub-branches at home and abroad in accordance with law. The Company manages, supervises and guides the significant business decision-making of its subsidiaries in accordance with law. Except for its subsidiaries, all the aforesaid entities do not possess the capacity of an independent legal person to conduct businesses within the authorised scope in accordance with law and to be centrally managed by the Company.

**Article 13** The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution.

**Article 14** The Company shall, pursuant to the PRC laws, administrative regulations and regulatory requirements, establish and optimise the basic systems for its operation, and develop management systems in respect of financial and accounting, labour employment, related transactions, information disclosure, risk management, internal control and compliance, and internal audit. The Company's shareholders' general meeting, Board of Directors, Board of Supervisors, president and other senior management officers perform their respective functions and duties in accordance with PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

## **Chapter 2 Business Objectives and Scope**

**Article 15** The Company's business objectives are: to become a world-class diversified reinsurance group with core competitiveness by continuing its market-oriented reforms, professional operation and internationalisation in accordance with the PRC laws and administrative regulations; leverage its overall strength by enhancing its innovation, service and risk management capabilities; protect the interests of the Company, employees and shareholders; achieve sustainable development of the Company.

**Article 16** As approved and verified by the CIRC and the SAIC, the Company's business scope includes:

- (1) Investing in and establishing insurance companies;
- (2) Supervising and managing various domestic and international businesses of the companies in which it invests and controls;
- (3) Investment activities as permitted by the PRC laws and regulations;
- (4) Domestic and international reinsurance business as permitted by the PRC laws and regulations;
- (5) Other businesses as approved by the CIRC.

## **Chapter 3 Registered Capital and Shares**

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

**Article 17** The Company's registered capital is RMB42,479,808,085.

**Article 18** The shares of the Company shall take the form of share certificates.

Shares of the Company shall be issued based on the principles of equality and fairness. The same class of shares shall carry equal rights.

**Article 19** The Company shall have ordinary shares at any time; upon approval from the departments in charge of company examination authorised by the State Council, the Company may have other kinds of shares when needed.

**Article 20** All the shares issued by the Company shall have a par value which shall be RMB 1.00 per share.

**Article 21** Subject to the approval of the securities regulatory authority under the State Council, the Company may issue shares to domestic and foreign investors.

For the purposes of the preceding paragraph, the term "foreign investors" shall refer to investors from foreign countries, Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan who subscribe for shares issued by the Company, and the term "domestic investors" shall refer to investors within the People's Republic of China (other than the above-mentioned regions) who subscribe for shares issued by the Company.

**Article 22** Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as foreign invested shares. Shares listed and traded on overseas stock exchange with approvals from the authorised department of the State Council and overseas securities regulatory authority are referred to as overseas listed shares.

Foreign currencies mentioned in the preceding paragraph refer to legal tenders of other countries or regions other than Renminbi that are recognised by the foreign exchange authority of the PRC and can be used to pay the Company for the shares.

**Article 23** With the approval of the department in charge of company examination authorised by the State Council, the total number of ordinary shares which may be issued by the Company is 42,479,808,085.

The Company issued 36,149,803,900 shares to the promoters at the time when the Company was restructured into a joint stock limited company, representing 100% of the then total number of ordinary shares available for issuance.

The promoters and their respective shareholdings at the time when the Company was restructured into a joint stock limited company are listed as follows:

Name of Promoter	Amount of Contribution (RMB)	Number of Shares Subscribed (shares)	Percentage of Total Share Capital (%)	Form of Contribution	Time of Contribution
The Ministry of Finance of the People's Republic of China	5,241,803,900	5,241,803,900	14.50%	Contribution in cash	Assets transferred from the former China Reinsurance (Group) Company after valuation as required.
Central Huijin Investment Ltd.	30,908,000,000	30,908,000,000	85.50%	Contribution in cash	11 April 2007

The shareholding structure prior to the initial public offering and listing of shares of the Company is as follows:

Name of Shareholder	Number of Shares Held (shares)	Percentage of Total Share Capital (%)
The Ministry of Finance of the People's Republic of China	5,494,172,897	15.09%
Central Huijin Investment Ltd.	30,913,438,188	84.91%

**Article 24** The Company issued 6,679,416,700 overseas listed shares in connection with its initial public offering and listing.

The structure of the share capital of the Company after the initial public offering and listing of the Company's shares is as follows: 42,479,808,085 shares of ordinary shares, including 35,800,391,385 domestic shares, representing 84.28% of the total number of ordinary shares issued by the Company; and 6,679,416,700 overseas listed shares, representing 15.72% of the total number of ordinary shares issued by the Company.

The domestic shares issued by the Company are centrally deposited with the China Securities Depository and Clearing Corporation Limited; the overseas listed shares issued by the Company are mainly deposited with a nominee company under Hong Kong Securities Clearing Company Limited and may also be held by shareholders in their own names.

Shareholders receive dividends in proportion to their shareholdings.

**Article 25** In respect of the Company's plans to issue overseas listed shares and domestic shares approved by the securities regulatory authority of the State Council, the Board of Directors of the Company may make respective arrangements for the issue of shares.

The Company may implement its plan to separately issue overseas listed shares and domestic shares as prescribed in the preceding paragraph within 15 months from the date of obtaining approval from the securities regulatory authority of the State Council.

Shareholders of unlisted shares of the Company may trade their shares overseas in accordance with the PRC laws, administrative regulations and regulatory requirements. Listing and trading of such shares on an overseas stock exchange shall comply with the regulatory procedures, rules and requirements of the overseas securities market. The listing and trading of listed shares on an overseas stock exchange does not need to be voted on by convening a class shareholders' meeting.

**Article 26** Where the Company issues overseas listed shares and domestic shares respectively within the total number of shares specified in the issuance plan, the respective shares shall be issued in full at one time. If in special circumstances where it is impossible for the shares to be issued at one time, such issue may be made in several tranches subject to the approval by the securities regulatory authority of the State Council.

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

**Article 27** The Company may, based on its requirements for operation and development and in accordance with the PRC laws, administrative regulations and regulatory requirements, increase its capital in the following ways after obtaining consent in shareholders' general meeting and approval from the relevant regulatory authorities:

- (1) non-public offering of shares;
- (2) public offering of shares;
- (3) placing shares to its existing shareholders;

- (4) distributing bonus shares to its existing shareholders;
- (5) converting capital reserve to our share capital; and
- (6) any other way as permitted by the PRC laws, administrative regulations and relevant regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted pursuant to the procedures stipulated in the PRC laws, administrative regulations and regulatory requirements.

**Article 28** In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital. The Company's reduction of share capital shall be conducted in accordance with the Company Law, the Insurance Law and other relevant PRC laws, administrative regulations and regulatory requirements as well as the Articles of Association.

When the Company reduces its registered capital, it must draw up a balance sheet and a list of properties.

The Company shall notify its creditors within ten days of the date of the Company's resolution for reduction of share capital and shall publish at least three notices in a newspaper within 30 days of the date of such resolution. A creditor has the right within 30 days of receiving the notice or, in the case of a creditor who does not receive the notice, within 45 days of the date of the first public notice, to demand the Company to repay its debts or provide guarantee for such debt.

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

**Article 29** The Company may repurchase its own shares in accordance with the law under the following circumstances:

- (1) reduce the registered capital of the Company;
- (2) merger with another company holding shares in the Company;
- (3) grant the shares as an incentive to employees of the Company;



- (4) shareholders request the Company to repurchase shares held by those shareholders who dispute the resolutions passed during shareholders' general meetings in relation to the merger or division of the Company;
- (5) other circumstances permitted by the PRC laws, administrative regulations and regulatory requirements.

When the Company is to repurchase its shares because of the circumstances (1) to (3) set out above, prior approval shall be obtained in shareholders' general meeting.

Under the circumstance set out in (1), the shares shall be cancelled within ten days of repurchase; under the circumstances set out in (2) and (4), the shares shall be transferred or cancelled within six months of repurchase.

Under the circumstance set out in (3), the shares shall not exceed 5% of the total issued shares of the Company; the capital utilised for the repurchase shall be funded from the profit after tax of the Company; the shares repurchased shall be transferred to its employees within a year.

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

**Article 30** The Company may repurchase its shares in one of the following ways with approval from relevant governing authorities of the State:

- (1) Making a pro rata offer of repurchase to all of its shareholders;
- (2) Repurchasing shares through public dealing on a stock exchange;
- (3) Repurchasing shares by an off-market agreement; or
- (4) Other ways permitted by the PRC laws, administrative regulations and regulatory requirements or by relevant securities regulatory authorities or stock exchange of the place where the Company's shares are listed.

**Article 31** Where the Company is to repurchase its shares through off-market agreement, prior approval shall be obtained from shareholders at a general meeting in accordance with the Articles of Association. With prior approval by shareholders at a general meeting obtained in the same manner, the Company may rescind or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts.

The contracts to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to buy back or to acquire of the right to buy back.

The Company shall not assign a contract for the repurchase of its own shares or any of its rights thereunder.

Where the Company has the right to purchase redeemable shares, the purchase price shall be limited to a maximum price if the purchases are not made through a stock exchange or by tender. If purchases are made by tender, tenders shall be made available to all shareholders on the same terms.

**Article 32** For the portion of shares cancelled due to the repurchase of the Company's own shares, such shares shall be cancelled within a time limit as required by the laws and administrative regulations and application for the change of registered capital shall be filed with the original registration authority of the Company.

The aggregate par value of the shares cancelled due to the repurchase of the Company's own shares shall be deducted from the Company's registered capital.

**Article 33** Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its issued shares:

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

1. If the shares repurchased are issued at par value, the payment shall be deducted from the book balance of the distributable profits of the Company;
  2. If the shares repurchased were issued at a price higher than the par value, payment shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issue for the purposes of repurchasing the existing shares; however, the amount deducted from the proceeds from the new share issue shall neither exceed the aggregate premium from the issue of the existing shares repurchased nor shall it exceed the amount (including the premiums from the new share issue) in the premium account (or the capital reserve account) at the time of repurchase.
- (3) Payments for the following purposes shall be made out of the Company's distributable profits:
1. Acquisition of the right to repurchase shares of the Company;
  2. Modification of any contract to repurchase shares of the Company; or
  3. Release of any of the Company's obligation under any contract for the repurchase of its shares.
- (4) After the total par value of the cancelled shares is deducted from the Company's registered capital in accordance with relevant requirements, the amount deducted from the distributable profits for the repurchase of the shares at par value shall be included in the Company's premium account (or its capital reserve account).
- (5) Any other requirements which are otherwise required by the laws, administrative regulations, regulatory requirements and relevant provisions of the securities regulatory authorities or stock exchange of the place where the Company's shares are listed in respect of financial issues involved in share repurchase shall be followed.

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

**Article 34** Unless otherwise required by the laws, administrative regulations and the requirements of the securities regulatory authority or stock exchange of the place where the shares of the Company are listed, the fully-paid shares of the Company are freely transferrable and free and clear of any lien.

Transfer of the Company's shares shall be registered with the share registrar appointed by the Company.

**Article 35** No shares issued prior to the Company's initial public offering of shares shall be transferred within one year since the date when the shares of the Company are listed in the stock exchange.

Directors, supervisors, president and other senior management officers of the Company shall report their shareholdings in the Company and the respective changes. During his/her tenure, no shares exceeding 25% of his/her total shareholding in the Company shall be transferred within one year; and no transfer of shares held by him/her shall be allowed within one year since the date when the shares in the Company are listed. The aforesaid personnel shall not transfer the shares held by him/her within half a year after leaving his/her office.

**Article 36** All fully-paid overseas listed foreign shares listed in Hong Kong are freely transferrable under the Articles of Association, provided that the Board may refuse to acknowledge any transfer document without reason unless the following conditions are met:

- (1) The transfer documents and other documents which relate to or may affect the title of any shares shall be registered and fees in connection with such registration shall be paid to the Company at a standard fee prescribed in the Hong Kong Listing Rules;
- (2) The transfer documents only relate to overseas listed foreign shares listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange");
- (3) The stamp duty which is payable for the transfer documents under Hong Kong laws has been duly paid;
- (4) The relevant share certificate(s) and any other evidence which the Board may reasonably require to show that the transferor has the right to transfer the shares have been provided;

- (5) Where the shares are intended to be transferred to joint holders, the number of such joint shareholders shall not be more than four;
- (6) The shares shall be free and clear of any lien of the Company.

If the Board rejects to register the transfer of shares, the Company shall, within two months from the date when duly application for the transfer was submitted, give a notice of rejection on the registration of such transfer of shares to the transferor and transferee.

All transfers of overseas listed foreign shares listed in Hong Kong (including standard transfer form or other form of transfer as required by the Hong Kong Stock Exchange from time to time) shall adopt written instruments of transfer in an ordinary or usual form or in any other form acceptable to the Board. The instruments of transfer may be signed by hand or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognised clearing house ("Recognised Clearing House") as defined by the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or its nominee, the transfer form may be signed by hand or in a machine-imprinted format.

**Article 37** The Company shall not accept any shares of the Company as the subject of pledge.

**Article 38** Shareholders shall go through relevant procedures in accordance with law when transferring or pledging the Company's shares.

#### **Chapter 4 Financial Assistance for the Acquisition of Shares**

**Article 39** The Company or its subsidiaries shall not, at any time or in any manner, provide any financial assistance to any person who acquires or intends to acquire the shares of the Company, including persons who directly or indirectly assume relevant obligations as a result of purchasing shares of the Company.

The Company or its subsidiaries shall not, at any time or in any manner, provide any financial assistance for the aforementioned obligors to reduce or relieve them of their obligations.

This Article shall not apply in the circumstances stated in Article 41.

**Article 40** “Financial assistance” referred to in this chapter includes (without limitation) the following meanings:

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

“Incurs an obligation” mentioned in this chapter includes the obligations of the obligor by signing a contract or making an arrangement (regardless of whether or not the aforesaid agreement or arrangement is enforceable, or whether or not such obligations are assumed by the obligor individually or jointly with any other person), or changing its financial condition in any other way.

**Article 41** The following activities shall not be deemed to be prohibited activities stated in Article 39 of this chapter:

- (1) the provision of financial assistance by the Company is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of the Company’s shares, or the giving of the financial assistance is an incidental part of a plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares of the Company as dividends;

- (4) a reduction of registered capital, a repurchase of the Company's shares or a reorganisation of the share capital structure of the Company in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business, where the lending of money is part of the scope and in the ordinary course of business of the Company (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company);
- (6) the provision of money by the Company for an employee shareholding scheme (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

## **Chapter 5 Share Certificates and Register of Members**

**Article 42** The Company's share certificates shall be in registered form.

The share certificates of the Company shall, in addition to those provided in the Company Law, contain other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

The Company may issue overseas listed shares in form of depository receipts or other derivative means of shares in accordance with the law and the practice of registration and depository of securities in the listing place.

**Article 43** The share certificates shall be signed by the chairman of the Board. If the securities regulatory authority where the shares of the Company are listed requires the share certificates to be signed by the president or other senior management officers of the Company, the share certificates shall also be signed by the president or other senior management officers. The signatures of the chairman of the Board, the president or other relevant senior management officers of the Company on the share certificates may also be in printed form. The share certificates shall take effect after being affixed with the seal of the Company or after being affixed with the seal in printed form. The share certificates shall only be affixed with the Company's seal under the authorisation of the Board.

The provisions otherwise provided by the securities regulatory authority and stock exchange(s) on which the shares of the Company are listed shall be applicable to issuance and trading in dematerialised form.

**Article 44** The Company shall keep a register of members, stating the following particulars:

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

The register of members shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

**Article 45** The Company may, in accordance with mutual understanding and agreements made between the securities regulatory authority under the State Council and overseas securities regulatory authority, maintain the register of members of overseas listed shares at overseas territory and appoint overseas agent(s) for management. The original register of members for shares listed overseas in Hong Kong shall be maintained in Hong Kong.

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

If there is any inconsistency between the original and the duplicate of the register of members of overseas listed shares, the original version shall prevail.

**Article 46** The Company shall keep a complete register of members.

The register of members shall include the following:

- (1) the register of members maintained at the Company's domicile other than those parts as described in Item (2) and (3) of this Article;
- (2) the register of members in respect of overseas listed shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;



- (3) the register of members maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

**Article 47** Different parts of the register of members shall not overlap 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 members.

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

**Article 48** No modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions.

Any other requirements as required by the rules of the securities regulatory authorities or stock exchange at the place where shares of the Company are listed should thus be followed.

**Article 49** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve the determination of shareholdings, the Board shall decide on the date for the determination of shareholdings. Shareholders whose names appear in the register of members at the end of such date for the determination of shareholdings are deemed to be shareholders of the Company.

**Article 50** Any person who objects to the register of members and requests to have his/her name entered in or removed from the register of members may apply to a competent court for rectification of the register.

**Article 51** Any shareholder who is registered in, or any person who requests to have his/her name entered in, the register of members may, if his/her share certificate (the "original certificate") is lost, apply to the Company for a replacement share certificate in respect of such shares (the "relevant shares").

If a shareholder loses his/her share certificate of domestic shares and applies to the Company for a replacement share certificate, this shall be dealt with in accordance with the relevant provisions of the Company Law.

If a shareholder loses his/her share certificate of overseas listed shares and applies to the Company for a replacement share certificate, this may be dealt with in accordance with the laws, rules of the stock exchange or other relevant provisions of the place where the original register of members for overseas listed shares is maintained.

The issue of replacement share certificates to holders of overseas listed shares of a company to be listed in Hong Kong who have lost their share certificates and applied for replacement shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in the prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to 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 for having his name registered as a holder of the relevant shares before the Company comes to a decision to issue the replacement share certificate.
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty days in a period of 90 days.
- (4) The Company shall, prior to the publication of its announcement of intention to issue a replacement certificate, 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 receiving 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 90 days.

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

- (5) If, upon expiration of the 90-day period for the exhibition of an announcement referred to in Item (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of the replacement share certificate, the Company may issue the replacement share certificate to the applicant according to his application.
- (6) Where the Company issues replacement certificate under this Article, it shall forthwith cancel the original certificate and enter the particulars relating to the cancellation and replacement in the register of members.
- (7) All expenses relating to the cancellation of original certificate and the issue of replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 52** Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in case that he is a bona fide purchaser) shall not be removed from the register of members.

**Article 53** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the person concerned is able to prove that the Company has acted fraudulently.

**Article 54** In relation to the issuance of warrants to bearers, no new warrant thereof shall be issued to replace the old one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed.

## Chapter 6 Shareholders and Shareholders' General Meeting

### Section 1 Shareholders

**Article 55** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

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

- (1) The Company shall register no more than four people 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 shareholders dies, only the surviving joint shareholders shall be taken by the Company as persons having the right of ownership of the relevant shares, but the Board shall have the right, for the purpose of making amendments to the register of members, to demand the provision of a document evidencing the death of the relevant shareholder as it thinks fit;
- (4) In case of any joint holders of shares, only the joint holder whose name appears first in the register of members 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.

Where any of the joint shareholders issues a receipt to the Company in relation to any dividend, bonus or capital return paid to such joint shareholders, it shall be deemed as a valid receipt issued by such joint shareholders to the Company.

**Article 56** Holder of ordinary shares of the Company shall enjoy the following rights:

- (1) to request, convene, preside over, participate in, or assign a proxy to participate in, the shareholder's general meeting according to the law, and exercise the corresponding voting right according to the number of shares held;
- (2) the shareholders holding 5% or more of the voting right shares are entitled to nominate directors or supervisors;
- (3) to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. The right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy; and
  2. The right to inspect free of charge and copy, subject to payment of a reasonable fee, the following:
    - (i) All parts of the register of members;
    - (ii) Personal particulars of each of the Company's directors, supervisors, president and other senior management officers;
    - (iii) The state of the Company's share capital;
    - (iv) The report showing the aggregate par value, quantity, and maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the previous accounting year and the total expenses incurred by the Company for this purpose;
    - (v) Minutes of shareholders' general meetings;
    - (vi) Financial reports.
  3. Counterfoil of the corporate bonds; resolutions of the meetings of the Board and the Board of Supervisors.

The Company may refuse any inspecting or copying request which involves commercial secrets and price sensitive information of the Company.

- (4) to receive the dividend and other forms of interest distribution according to the number of shares they hold;
- (5) to participate in the distribution of remaining assets of the Company in accordance with the number of shares held in the event of the termination or liquidation of the Company;
- (6) to request the Company to purchase the shares of the shareholder who raises objection to the resolution on merger or division made at the shareholders' general meeting;
- (7) to understand the Company's operating conditions and financial conditions;
- (8) to supervise, advise or raise inquiries on the operation of the Company;
- (9) to transfer or pledge the shares they hold according to the PRC laws, administrative regulations, regulatory requirements and the Articles of Association;
- (10) to request the recording and change of the register of members;
- (11) Other rights conferred by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

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

**Article 57** Where shareholders demand for inspection of the relevant information or obtaining the materials mentioned in Item (3) of the preceding Article, they shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's reasonable request.

**Article 58** A resolution passed at the Company's shareholders' general meeting or Board meeting shall be invalid if it violates the law or administrative regulations.

If the procedures for convening, or the method of voting at, a shareholders' general meeting or Board meeting violate the law, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders may submit a petition to the People's Court to rescind such resolution within 60 days from the date on which such resolution is made.

Where shareholders initiate legal proceedings in accordance with the provisions of the preceding paragraph, the Company may submit a petition to the People's Court requesting shareholders to provide the guarantee accordingly.

Where the Company has completed procedures for registration of change pursuant to the resolutions of shareholders' general meeting or Board meeting which are declared by the People's Court as invalid or ordered to be rescinded, the Company shall apply to the registration authority for withdrawal of such registration of change.

**Article 59** Where the Company incurs losses as a result of directors' and senior management officers' violation of law, administrative regulations or the Articles of Association in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall be entitled to request in writing the Board of Supervisors to initiate proceedings in the People's Court. Where the Company incurs losses as a result of the supervisors' violation of any provision of law, administrative regulations or the Articles of Association in the course of performing its duties, the above shareholders shall be entitled to make a request in writing to the Board to initiate proceedings in the People's Court.

In the event that the Board of Supervisors or the Board of Directors refuses to initiate proceedings, or fails to initiate such proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the shareholders described in the preceding paragraph shall have the right to initiate proceedings in the People's Court directly in their own names in the interest of the Company.

Shareholders described in the first paragraph of this Article may also initiate proceedings in accordance with the preceding two paragraphs in the event that the Company incurs losses as a result of the lawful interests of the Company being infringed upon by any third parties.

**Article 60** Holders of ordinary shares of the Company shall assume the following obligations:

- (1) To abide by the laws, administrative regulations and the Articles of Association, and exercise their shareholders' rights in accordance with law;
- (2) Not to abuse their shareholders' rights to harm the interests of the Company, other shareholders, the insured and other stakeholders, otherwise shareholders shall be liable to make compensation;

- (3) Not to abuse the independent legal person status of the Company and the limited liability of shareholders to evade repayment of debts or materially harm the interests of any creditor of the Company, otherwise shareholders shall be jointly and severally liable for the debts owed by the Company;
- (4) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (5) To be liable for the Company's liabilities based on the shares subscribed;
- (6) To support the Company to improve its solvency when the Company fails to meet the regulatory requirements;
- (7) To submit a report in writing to the Company within five working days when shareholders owning more than 5% of the Company's shares are affiliated, in which at least the names of affiliated shareholders and explanation of their affiliated relationship shall be contained;
- (8) To obey and implement the resolutions passed at the shareholders' general meeting;
- (9) Other obligations imposed by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

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

**Article 61** Shareholders who own 5% or more of the Company's shares are required to report in writing to the Company on the day of occurrence and the Company shall report to the CIRC for its approval within five days after the date of occurrence. The CIRC has the right to require an investor who does not meet the qualifications to transfer the Company's shares held by him.

If investors have not transferred the Company's shares as required by the CIRC ("Excess Shares"), shareholders holding the Excess Shares will be subject to necessary restrictions when exercising shareholder's rights arising from the Excess Shares as stipulated in Article 56 hereof, including:

- (1) no voting rights will be attached to Excess Shares to vote at shareholders' general meeting (including class shareholders' meeting); and
- (2) no rights to nominate directors or supervisors under the Articles of Association will be attached to Excess Shares.



Notwithstanding the forgoing, shareholders holding the Excess Shares shall not be subject to any restrictions when exercising other rights of shareholders as stipulated in Article 56 hereof.

Shareholders holding more than 5% of the Company's voting shares shall submit a report in writing to the Company's Board Office on the date when their shares are pledged or involved in litigations or arbitrations.

**Article 62** Other than obligated by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, the controlling shareholders, when exercising his rights as a shareholder, shall not make decisions that would impair the interest of all or part of the shareholders on the following matters by means of voting:

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

## **Section 2 General Provisions for the Shareholders' General Meeting**

**Article 63** Shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with laws:

- (1) to decide on operational policies and investment plans of the Company;
- (2) to elect or replace the directors and supervisors who are not representatives of the employees, and to decide on matters relevant to remuneration of directors and supervisors;
- (3) to consider and approve reports of the Board;
- (4) to consider and approve reports of the Board of Supervisors;

- (5) to consider and approve annual financial budgets and financial accounts of the Company;
- (6) to consider and approve proposals for profit distribution and for recovery of losses of the Company;
- (7) to decide on increase and reduction of the registered capital of the Company;
- (8) to decide on the issuance of bonds, shares, warrants or other marketable securities and listing of the Company;
- (9) to decide on merger, division, dissolution and liquidation of the Company and changes in the form of the Company;
- (10) to amend the Articles of Association and to formulate and amend the procedural rules of the shareholders' general meetings and the meetings of the Board and the Board of Supervisors;
- (11) to decide on the acquisition of shares of the Company;
- (12) to decide on the appointment, dismissal or non-reappointment of accounting firms which provide regular statutory audit for financial statements of the Company;
- (13) to consider and approve matters related to the Company's establishment of legal entities, significant investment, major acquisition of assets, major disposal and write-off of assets, major external donation and major external guarantee (other than those authorised to be determined by the Board);
- (14) to consider and approve related transactions required to be approved by the shareholders' general meeting under laws, administrative regulations, regulatory requirements and the securities regulatory authorities or stock exchange at the place where the Company's shares are listed;
- (15) to consider and approve matters related to the change of use of the raised fund;
- (16) to consider and approve share incentive scheme;
- (17) to consider and approve any proposal raised by shareholders, individually or in aggregate, holding 3% or more of the issued shares of the Company with voting rights (the "proposing shareholders");

- (18) to consider and approve plan on authorisation to the Board granted by shareholders' general meetings; and
- (19) to consider and approve other matters that are to be determined at shareholders' general meeting as required by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

The shareholders' general meeting may delegate power to the Board to decide matters within its scope of authority in accordance with laws. The authorisation conferred by the shareholders' general meeting upon the Board shall be clear and specific. If the authorised matters shall be adopted by the shareholders' general meeting by way of ordinary resolution according to the Articles of Association, such resolutions shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the shareholders' general meeting. If the authorised matters shall be adopted by the shareholders' general meeting by way of special resolutions according to the Articles of Association, such resolution shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the shareholders' general meeting.

**Article 64** The Company shall not, without the prior approval of shareholders' general meeting, enter into any contract with any person other than a director, supervisor, president and other senior management officer whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person.

**Article 65** Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings.

- (1) The annual general meeting shall be held within six months from the close of the preceding accounting year;
- (2) The Company shall convene an extraordinary general meeting within two months after the occurrence of any of the following circumstances:
  - 1. when the number of directors is less than the minimum number of directors required by the Company Law or two-thirds of the number of members of the Board specified in the Articles of Association;
  - 2. when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;
  - 3. when there is a written request of the shareholders, individually or in aggregate, holding 10% or more of the outstanding shares of the Company with voting rights (the "proposing shareholders");

4. when deemed necessary by the Board;
5. when proposed by the Board of Supervisors; or
6. other situations, as stipulated in laws, administrative regulations, regulatory requirements or the Articles of Association.

**Article 66** There shall be a place for convening the shareholders' general meetings and the meetings may be held on-site. The shareholders' general meetings, when ensured to be legal and valid, may be held via video conference, conference call, Internet or by other means, for the purpose of providing convenience to shareholders attending such shareholders' general meetings. A shareholder who participates in a general meeting in the aforesaid manner shall be deemed to have been present at the meeting.

**Article 67** The Company shall formulate rules of procedures of the shareholders' general meetings which shall be prepared by the Board of Directors, and approved at the shareholders' general meetings.

**Article 68** The Company shall engage lawyers to attend shareholders' general meetings and advise on the following issues:

- (1) whether the procedures relating to the convening and the holding of such meeting comply with laws, administrative regulations and the Articles of Association;
- (2) the legality and validity of the qualifications of the attendees and the convenor of the meeting;
- (3) the legality and validity of the voting procedures and voting results;
- (4) legal opinions issued on other related matters as requested by the Company.

### **Section 3 Convening and Holding of Shareholders' General Meetings**

**Article 69** Pursuant to relevant provisions of this section, the Board of Supervisors or shareholders may convene the shareholders' general meeting on their own initiative.

**Article 70** More than half of the independent directors, which shall not be less than two, have the right to propose the Board to convene extraordinary general meetings and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. If the Board of Directors does not agree to convene such extraordinary general meeting, reasons shall be explained and announced.

**Article 71** The Board of Supervisors has the right to propose the Board to convene extraordinary general meetings and such proposal shall be made in writing. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary general meeting, the notice of convening the extraordinary general meeting shall be issued within five days after a resolution is reached. Should there be alterations to the original requests in the notice, consent has to be obtained from the Board of Supervisors.

If the Board of Directors believes that the proposal of the Board of Supervisors is against the PRC laws, administrative regulations, regulatory requirements and the Articles of Association, it shall not agree to convene such extraordinary general meeting, and shall reply to the Board of Supervisors in writing.

If the Board of Directors does not agree to convene the extraordinary general meeting requested by the Board of Supervisors or does not reply within ten days upon receiving the request, the Board will be considered as unable or refused to fulfil the obligation to convene general meetings and the Board of Supervisors may convene and preside over the meeting on its own initiative.

**Article 72** When shareholders propose the convening of an extraordinary general meeting or any class shareholders' meeting, the following procedures shall be followed:

- (1) The proposing shareholders may submit its request in writing, in one copy or multiple copies in the same form and with same contents, to the Board of Directors to convene a shareholders' general meeting and clarify the topics of the meeting. The Board shall, in accordance with the laws, administrative regulations, regulatory requirements and the Articles of Association, furnish a written reply stating its agreement or disagreement to convene such general meeting within ten days upon its receipt of such proposal;
- (2) If the Board agrees to convene a shareholders' general meeting, a notice of meeting shall be issued within five days after passing of the relevant resolution by the Board. Any changes to the original proposal made in the notice shall require the consent of the requesting shareholders;
- (3) If the Board of Directors believes that the proposal of the proposing shareholders is against the laws, administrative regulations, regulatory requirements and the Articles of Association, it shall not agree to convene such general meeting, and shall reply to the proposing shareholders in writing. If the Board of Directors does not agree to convene the general meeting or does not reply within ten days upon receiving the request, the proposing shareholders have the right to propose the Board of Supervisors to convene a general meeting by way of written request(s);
- (4) If the supervisory committee agrees to convene the general meeting, a notice of meeting shall be issued within five days upon its receipt of such requests. Any changes to the original proposal made in the notice shall require the approval of the relevant shareholders;
- (5) If the Board of Supervisors does not issue notice of the general meeting within the specified period, it will be considered as not going to convene and preside over the general meeting, and shareholders individually or jointly holding over 10% of the shares of the Company for more than ninety consecutive days have the right to convene and preside over the meeting on their own initiative. Such a meeting shall be convened, to the largest extent, in the same procedures as those convened by the Board of Directors.

All reasonable expenses incurred by the shareholders in convening the general meeting on their own initiative shall be assumed by the Company.

**Article 73** The Board of Supervisors or shareholders shall notify the Board of Directors in writing and file with the local branch of the CSRC and the stock exchange on which the Company's shares are listed, if they decide to convene the shareholders' general meeting on their own initiative.

The shareholder(s) convening the shareholders' general meeting must hold no less than 10% of shares in the Company immediately before the resolution of such meeting is announced.

With regard to the shareholders' general meeting convened by the Board of Supervisors or shareholders on their own initiative, the Board of Directors and the secretary to the Board of Directors shall provide assistance. The Board of Directors shall provide the register of members as of the equity record date for the shareholders' general meeting, and the reasonable expenses incurred in relation to the meeting shall be assumed by the Company.

**Article 74** The Board of Directors shall convene and the chairman of the Board of Directors shall preside over the shareholders' general meetings. If the chairman fails or is unable to preside over the meeting, the vice chairman of the Board of Directors shall preside. If the vice chairman of the Board of Directors is unable or fails to preside, the shareholders' general meeting shall be presided over by a director nominated by more than half of the directors.

The shareholders' general meeting convened by the Board of Supervisors on its own initiative shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors fails or is unable to preside, the shareholders' general meeting shall be presided over by a supervisor nominated by more than half of the supervisors.

The shareholders' general meeting convened by shareholders on their own initiative shall be presided over by the representative nominated by the convenor. If no representative can be nominated, the shareholder holding the largest number of shares or its proxy attending the meeting shall preside.

If the chairperson of the shareholders' general meeting breaches the procedural rules, which makes it unable to proceed the shareholders' general meeting, subject to consents of more than half of shareholders with voting rights attending the shareholders' general meeting, the shareholders' general meeting may nominate a person to act as the chairperson of the meeting and such meeting may continue.

**Article 75** Directors, supervisors, president and other senior management officers shall make clarifications and explanations on the inquiries raised by shareholders at the general meetings, except those relating to the Company's trade secrets.

**Article 76** Notice of a shareholders' general meeting shall be given 45 days prior to the date of the meeting to notify all the shareholders to the effect that the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the shareholders' general meeting shall, within 20 days prior to the day of the meeting, deliver a written reply to the Company on meeting attendance.

The Company shall, based on the written replies received, calculate the number of voting shares represented by shareholders who intend to attend the shareholders' general meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting has not reached one-half or more of the Company's total voting shares, the Company shall within five days notify the shareholders again by public notice of the matters to be considered, the date and the place for the meeting. The Company then may convene the meeting after the publication of such public notice. Failure of a shareholder to deliver written reply to the Company on meeting attendance shall not affect his right to attend the meeting.

No votes shall be cast and no resolutions shall be made at the shareholders' general meeting in relation to proposals not stated in the notice or supplemental notice.

**Article 77** Without justified reasons, the shareholders' general meeting shall not be postponed or cancelled after a notice has been issued. Proposals stated in the notice of shareholders' general meeting shall not be cancelled. In case of any postponement or cancellation, the convenor shall make a public announcement and explain the reasons at least two business days prior to the original date of convening.

**Article 78** A notice for the shareholders' general meeting shall be in writing and comply with the following requirements:

- (1) specify the place, date and time of the meeting;
- (2) state the matters to be discussed and considered at the meeting and fully disclose contents of all the proposals. Proposed changes to any resolution passed at previous shareholders' general meeting shall be disclosed in full rather than disclosing the changes only;



- (3) provide such information and explanations as are necessary for the shareholders to exercise an informed decision on the proposals before them, the principle of which including without limitation where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, specific conditions and contracts of the proposed transaction in detail (if any) and a serious explanation of the cause and consequence of such proposal;
- (4) state in writing explicitly that shareholders entitled to attend and vote at the meeting shall have the right to appoint one or more proxies to attend on his behalf and to vote thereat and the proxy or proxies need not be a shareholder;
- (5) contain a disclosure of the nature and extent, if any, of the material interest of any director, supervisor or other senior management officer in the matters proposed and the effect of the proposed matters on them in their capacity as shareholders in so far as it is different from the effect on other shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be moved at the meeting;
- (7) specify the time and place for the delivery of the proxy form of the meeting; and
- (8) state the name and contact method of the regular contact person of the meeting.

**Article 79** Notice of a shareholders' general meeting shall be served on shareholders (whether or not entitled to vote at the general meeting) by personal delivery or prepaid mail to their addresses as shown in the register of members. For the holders of domestic shares of the Company, notice of the meeting may be issued by way of public notice.

The aforesaid public notice shall be published in one or more newspapers designated by the securities regulatory authority of the State Council within the period between 45 days and 50 days prior to the date of the meeting. After the publication of such notice, the holders of domestic shares of the Company shall be deemed to have received the notice of the relevant shareholders' general meeting.

For holders of overseas listed shares, subject to the compliance with applicable laws, administrative regulations, regulatory requirements and relevant requirements of the securities regulatory authority or stock exchange at the place where the shares of the Company are listed, the notice of a shareholders' general meeting may be published on the websites of the Company and the Hong Kong Stock Exchange in place of personal delivery or prepaid mail to the holders of overseas listed shares.

**Article 80** An individual shareholder may attend in person or delegate his proxies to attend a shareholder's general meeting. Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his/her behalf. Such proxy shall submit the proxy letter and may exercise the following rights within the scope of authorisation by the shareholder:

- (1) The shareholder's right to speak at the shareholders' general meeting;
- (2) The right to demand by himself or in conjunction with others to vote by poll;
- (3) The right to vote by a show of hands or by poll, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by poll.

**Article 81** The proxy letter issued by a shareholder to entrust his proxy to attend a shareholders' general meeting shall be signed by the appointer or his/her proxies by written instruments. Where the appointer is a legal person, the instrument shall be sealed by the legal person or signed by its directors or duly authorised proxies.

The proxy letter shall contain the following contents:

- (1) name of the appointer or name of proxy;
- (2) number of shares held by proxy on behalf of the appointer;
- (3) proxy's voting right;
- (4) instructions on each item to be discussed for each agenda of the shareholders' general meeting, stating whether the shareholder agrees to, objects to or abstains from voting the resolution respectively;
- (5) instructions on which voting right shall be exercised if there is voting right on provisional resolutions to be incorporated into the agenda of the shareholders' general meeting;

- (6) issuing date of the proxy letter and its effective period;
- (7) signature (or seal) of the appointer.

Any proxy letter or proxy form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, or abstain from voting and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy letter shall specify that in the absence of instructions from the shareholder, the proxy may vote as he/she thinks fit.

**Article 82** The proxy letter appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting within 24 hours prior to the time for holding the meeting or before 24 hours prior to the designated time for the voting. If such proxy letter is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointer is a legal person, its legal representative or any person authorised by the resolutions of the Board or other governing body shall attend the shareholders' general meeting of the Company as the appointer's representative.

**Article 83** Where the appointer has deceased, incapacitated to act, 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 84** The Company is responsible for the registration of attendance at shareholders' general meetings.

#### **Section 4 Proposals to the Shareholders' General Meeting**

**Article 85** When the Company is to hold a shareholders' general meeting, the proposing shareholders, the Board, the Board of Supervisors and half or more of the total number of independent directors (at least two) shall be entitled to raise proposals in writing to the Company. The Company shall include in such meeting's agenda the matters in the proposals within the scope of functions and powers of the shareholders' general meeting.

The proposing shareholders may raise interim proposals and submit the same to the convener of the shareholders' general meeting 10 days prior to the date of the meeting, and matters in the interim proposals within the scope of functions and powers of the shareholders' general meeting shall be included in such meeting's agenda. The convener of the shareholders' general meeting shall within two days upon receiving such interim proposals give supplemental notice to the shareholders. The content of such interim proposals shall be within the scope of approval of a shareholders' general meeting, and contains specific subjects and concrete matters for approval.

**Article 86** A proposal to a shareholders' general meeting shall meet the following conditions:

- (1) the contents of the proposal shall not contravene PRC laws, administrative regulations, regulatory requirements and the Articles of Association and shall fall within the Company's business scope and the scope of functions and powers of the shareholders' general meeting;
- (2) it shall contain specific subjects and concrete matters for approval;
- (3) it shall be submitted or delivered in writing to the Board of Directors and the convener of shareholders' general meeting.

**Article 87** The Board of Directors shall review the proposals to the shareholders' general meeting pursuant to provisions in the preceding Article and with the best interests of the Company and its shareholders as the standard of conduct.

The Board of Directors shall give explanations at the shareholders' general meeting if it decides not to include a proposal in the agenda of the meeting.

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

**Article 88** A shareholder shall be entitled to one vote for every share with voting right he holds when voting in person or by proxy. However, shares held by the Company do not represent voting rights.

**Article 89** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions. An ordinary resolution to be adopted at the shareholders' general meeting shall be passed by votes representing more than one-half of the voting rights held by the shareholders (including proxies) present at the meeting. A special resolution to be adopted at the shareholders' general meeting shall be passed by votes representing two-thirds or more of the voting rights held by the shareholders (including proxies) present at the meeting.

**Article 90** Resolutions at a shareholders' general meeting shall be decided by a show of hands unless a poll is demanded before or after any vote on a show of hand:

- (1) by the chairman of the meeting;
- (2) by at least two shareholders entitled to vote present in person or by proxy; or
- (3) by shareholders (including proxies) individually or in aggregate representing 10% or more of all shares carrying the right to vote at the meeting.

Unless somebody proposes voting by poll, the chairman of the meeting shall declare whether the proposal has been adopted according to the results of the vote by a show of hands, and shall record the same in the minutes of the meeting, which shall serve as final evidence without having to state the number or proportion of the votes for or against the resolution adopted at the meeting.

The demand for a vote by poll may be withdrawn by the person who makes such demand.

**Article 91** If the matter demanded to be voted upon by poll is the election of the chairman or the adjournment of the meeting, a poll shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman of the meeting directs and the meeting may proceed with the discussion of such matters; the results of the poll shall still be regarded as a resolution passed at that meeting.

**Article 92** On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way or abstain from voting.

**Article 93** According to applicable laws, administrative regulations, regulatory requirements and relevant requirements of the securities regulatory authority and the stock exchange at the place where the Company's shares are listed, If any shareholder is required to abstain from voting or is restricted to only vote for or against a resolution, the vote cast by such shareholder or his proxy in breach of such requirement or restriction shall not be counted in the voting results.

**Article 94** The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) the operational policies and investment plans of the Company;
- (2) the election, replacement or removal of the directors (except the removal of independent directors) and supervisors who are not representative of the employees of the Company and determination of the remuneration of the relevant directors and supervisors;
- (3) reports of the Board and the Board of Supervisors;
- (4) annual financial budgets and final accounts of the Company;
- (5) the profit distribution plans and plans for loss recovery of the Company;
- (6) formulation and amendment of the procedural rules of the shareholders' general meetings, the meetings of the Board and the Board of Supervisors;
- (7) appointment, dismissal or non-reappointment of accounting firms that conduct regular statutory audit of the Company's financial reports;
- (8) the Company's establishment of legal entities, significant investment, major asset acquisition, major asset disposal and write off, major external donations and major external guarantee of the Company (other than the matters set out in Item (7) of Article 95 of the Articles of Association);
- (9) related transactions to be considered and approved at a shareholders' general meeting as required by laws, administrative regulations and regulatory requirements, the provisions of the securities regulatory authority or stock exchange of the place where the shares of the Company are listed;
- (10) matters other than those required by the PRC laws, administrative regulations, regulatory requirements and by the Articles of Association to be adopted by a special resolution.

**Article 95** The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or decrease in the Company's registered capital;
- (2) the issue of bonds, shares, warrants or other marketable securities and listing of the Company;
- (3) the repurchase of the Company's shares;
- (4) the merger, division, dissolution, liquidation and change in the form of the Company;
- (5) the amendments to the Articles of Association;
- (6) removal of the independent directors;
- (7) any purchase or sale of substantial assets made or the amount guaranteed by the Company in a year in excess of 30% of the total assets of the Company;
- (8) share incentive scheme;
- (9) other matters required by the PRC laws, administrative regulations, regulatory requirements, the provisions of the Articles of Association or decided by the shareholders' general meeting, by way of an ordinary resolution, which may have a material impact on the Company and should be adopted by a special resolution.

**Article 96** Resolutions at a shareholders' general meeting shall be decided by a show of hands or by open ballot. Shareholders attending a shareholders' general meeting should vote for, against or abstain from voting on a resolution proposed at the meeting.

Any vote that is not filled in, wrongly filled in, illegible or not cast shall be deemed as the voter giving up his voting rights. The voting results represented by his/her shares shall be treated as "abstention".

**Article 97** Where matters submitted for consideration at any shareholders' general meeting concerns a related transaction, the related shareholder shall abstain from voting and the number of voting shares represented by him shall not be counted towards the number of valid voting shares.

**Article 98** The list of candidates for directors or supervisors shall be submitted for voting in the form of a proposal at a shareholders' general meeting.

**Article 99** Resolutions approved by a shareholders' general meeting shall be in written form, and shall be announced by the chairman of the meeting.

**Article 100** The chairman of the meeting shall determine whether resolutions of by a shareholders' general meeting are approved. The chairman's decision is final and shall be announced in the meeting and recorded in the minutes of the meeting.

**Article 101** If the chairman of the meeting has any doubt as to the result of a resolution presented for voting at a shareholders' general meeting, he may have the number of votes counted. If no counting is made by the chairman of the meeting, any shareholder or his proxy present in the meeting who objects to the result announced shall have the right to immediately demand that the votes be counted, and the chairman of the meeting shall forthwith have the votes counted.

If a counting of votes is conducted at a shareholder's general meeting, the counting result shall be recorded in the minutes of the meeting.

**Article 102** Minutes of shareholders' general meetings shall be recorded by the Board secretary. The minutes shall contain the following items:

- (1) the time, place and agenda of the meeting, and the name of the convenor;
- (2) the name of the chairman of the meeting, and the names of directors, supervisors, president, and other senior management officers attending or present at the meeting;
- (3) the number of shareholders and their proxies attending the meeting, the total number of voting shares they represent and the percentage of the total number of shares of the Company they represent;
- (4) the total number of shares which, as required by the securities regulatory authority and the stock exchange where the Company's shares are listed, shall abstain from voting for and/or abstain from voting on individual proposals (if any);
- (5) the process and key points of consideration and the voting result in respect of each proposal;



- (6) queries or recommendations from shareholders, and the corresponding response or explanations;
- (7) names of lawyers, counting officers and scrutineers;
- (8) such other matters which shall be recorded in the meeting minutes in accordance with the provisions of laws, administrative regulations, regulatory requirements and the Articles of Association.

**Article 103** Minutes of shareholders' general meetings shall be signed by the chairman of the meeting, attending directors and the recording officer. The meeting may also be recorded in audio and visual formats. The minutes (including audio and visual materials) shall be kept together with the shareholders' attendance register and the proxy forms as corporate documents by the Board secretary at the Company's domicile in a manner in line with the Company's file management system.

**Article 104** Copies of the minutes of shareholders' general meetings shall be available for inspection by shareholders free of charge during business hours of the Company. If a shareholder requests a copy of minutes of shareholders' general meetings from the Company, the Company shall send a copy of such minutes to him/her within seven days after receipt of a reasonable fee.

#### **Chapter 7 Special Voting Procedures for Class Shareholders**

**Article 105** Shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with law, administrative regulations, regulatory requirements and the Articles of Association.

Different types of the Company's class shareholders enjoy equal rights to dividends or any distributions made in other forms.

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.

Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting."

**Article 106** Where the Company intends to change or abrogate the rights conferred on any class of shareholders, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by holders of that affected class of shares at a separate meeting conducted in accordance with Articles 108-112.

**Article 107** The following circumstances shall be deemed to be variation or abrogation of the rights of a class of shareholders:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of class having voting or distribution rights or privileges equal to or more than those of shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference, during the process of the Company's liquidation, attached to shares of such class;
- (5) to add, remove or reduce conversion rights, options, voting rights, rights of transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having voting or distribution right or privileges equal to or more than those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or add such restriction;
- (9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (10) to increase the rights and privileges of shares of another class;

- (11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of responsibilities in such restructuring;
- (12) to revise or abrogate provisions in the Articles of Association.

**Article 108** Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs 2 to 8, 11 and 12 of Article 107, but interested shareholder(s) shall not be entitled to vote at class meetings.

The term "interested shareholder" mentioned above means:

- (1) in the case of a repurchase of shares by making offers to all shareholders by the same proportion pursuant to Article 30 of the Articles of Association or public dealing on a stock exchange, a controlling shareholder within the meaning of the Articles of Association;
- (2) in the case of a repurchase of shares by an off-market agreement under Article 30 of the Articles of Association, a shareholder to whom the proposed agreement is related; and
- (3) in the case of a restructure of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.

**Article 109** Resolutions of a class meeting shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings according to Article 108.

**Article 110** Written notice of a class meeting shall be given 45 days prior to the date of the class meeting to notify all the registered shareholders of that class to the effect that the matters to be considered at the class meeting as well as the date and place of the meeting. Shareholders that intend to attend the class meeting shall, within 20 days prior to the date of the meeting, deliver a written reply to the Company on meeting attendance.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting reaches half or more of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the class meeting. If not, the Company shall within five days inform the shareholders once again of the agenda, time and place of the meeting in the form of a public notice. Upon notification by public notice, the Company may hold the class meeting.

**Article 111** Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meeting of any class of shareholders shall be conducted in a manner as similar as possible to that of shareholders' general meeting. The provisions of the Articles of Association relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders.

**Article 112** Other than shareholders of other separate classes, holders of domestic shares and overseas listed shares are considered as shareholders of different classes.

The special procedures for voting at a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon the approval by a special resolution at the shareholders' general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing domestic shares and overseas listed shares;
- (2) where the Company's plan to issue domestic shares and overseas listed shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority of the State Council;
- (3) where, pursuant to the relevant PRC laws, administrative regulations and regulatory requirements, shareholders of un-listed shares of the Company trade their shares on an overseas stock exchange.

## **Chapter 8 Directors and Board of Directors**

### **Section 1 Directors**

**Article 113** Directors are natural persons who shall be of good character, faithful and honest, have the expertise and work experience necessary to perform their duties, and fulfil the requirements of the PRC laws, administrative regulations and the CIRC.

**Article 114** Each term of office of a director is three years. A director may serve consecutive terms if he is re-elected upon the expiration of his or her term of office. The shareholders' general meetings shall not dismiss any director before the expiry of his/her term without any reasons. The term of office of a director shall commence on the later of the date of election at the shareholders' general meeting or the date on which the director's qualifications are approved by the CIRC until expiration of the term of the Board.

A director whose term of office has not come to an end (the removal, however, does not impact the compensation claimed by such director under any contract) may be removed at a shareholders' general meeting in accordance with relevant laws, administrative regulations and regulatory requirements.

An officially appointed director shall not perform his/her functions if his/her qualifications have not been approved. Any votes cast by a director the qualifications of whom have not been approved shall have no legal effect.

A director is not required to hold shares of the Company.

Senior management officers may concurrently act as directors, but the number of such directors may not exceed half of the total number of directors of the Company.

**Article 115** Directors shall observe stipulations of the PRC laws, administrative regulations, regulatory requirements and the Articles of Association, perform their duties honestly and faithfully, protect the interests of the Company and all of its shareholders. In the event of any conflicts between his own interest and the interest of the Company and shareholders, directors shall act in the best interests of the Company and shareholders.

**Article 116** Directors shall cautiously, earnestly and diligently exercise the rights conferred by the Company to ensure that:

- (1) They shall carefully review the Company's operational and financial reports, timely become aware of the business and management situation of the Company, and have sufficient time for performing their duties;
- (2) Directors shall fully review the Board resolutions, and vote independently by using their prudential judgment;
- (3) They shall timely understand the condition of implementation of resolutions of shareholders' general meetings and Board meetings and problems detected therein, and propose suggestions or opinions on enhancing management;
- (4) They shall accept the supervision of the Board of Supervisors on their performance of duties.

**Article 117** Directors shall have the right to know the operation and financial conditions of the Company according to law.

The Company shall take measures to safeguard directors' rights to know, and ensure the authenticity and completeness of the information provided. For matters on which decisions shall be made by the Board, the Company shall notify all directors and provide relevant information pursuant to the provisions of the Articles of Association, take measures to safeguard the directors' rights to attend Board meetings, and provide necessary working conditions for directors to perform their duties. When directors exercise their powers, relevant personnel of the Company shall proactively cooperate and shall not refuse, hinder or conceal, or intervene in their exercise of powers.

**Article 118** Unless otherwise required in the Articles of Association, the method and procedure to nominate a director shall be:

- (1) A candidate for directorship of the first Board shall be nominated by the Company's promoters and elected at the Company's inaugural meeting;
- (2) A candidate for directorship thereafter shall be nominated by the previous Board or shareholders individually or collectively holding more than 5% of the Company's shares. The Board shall submit the proposal and the candidate shall be elected at the shareholders' general meeting;
- (3) A candidate for directorship shall make an undertaking prior to the convening of the shareholders' general meeting, confirming his/her acceptance of nomination, and further undertake that the information provided in this aspect is authentic and complete and that he/she shall earnestly perform the director's duties after he/she is elected;
- (4) The written notice of the intention to nominate a person as director and a written notice by that person of his/her willingness to be nominated shall be delivered to the Company at least seven days prior to the holding of the shareholders' general meeting along with the written materials on the nominee. The Company shall provide the candidate's biography and basic information to shareholders;
- (5) The period allowed for the relevant nominator and the nominee to submit the aforesaid notices and documents (calculated from the next day after the notice of the shareholders' general meeting is issued) shall be no less than seven days;
- (6) When electing directors, the shareholders' general meeting shall consider and vote on candidates one by one.

**Article 119** No director is allowed to act in his/her own name on behalf of the Company or the Board, unless duly authorised by the Articles of Association or shareholders' general meeting or the Board. Any director, when acting in his own name, shall state his/her position and identity in advance if a third party may reasonably believe that such a director is acting on behalf of the Company or the Board.

**Article 120** Directors shall attend in person at least two-thirds of the Board meetings every year.

Any director who fails to attend Board meetings in person or entrust other directors for attendance two times consecutively, or the number of meetings attended by a director in person in a year is less than two-thirds of the total number of Board meetings, shall be deemed non-performance of duties. The Board of Directors, the Board of Supervisors or shareholders shall have the right to propose to the shareholders' general meeting to remove such director.

Where a director fails to attend the Board meetings twice every year, the Company shall remind him/her in writing.

Any independent director who is reminded twice during his/her term of office shall not be re-elected.

**Article 121** A director shall submit a written report to the Board of Directors for his/her resignation, and shall be obliged to state in his/her resignation report the situations that other directors and shareholders shall note. The Board secretary shall promptly notify the resignation of such director to other directors and shareholders.

Unless otherwise required in the Articles of Association, the resignation of a director shall take effect upon delivery of the resignation report to the Board of Directors.

**Article 122** If the number of the Company's directors is less than the minimum number of directors required by the Company Law or two-thirds of the number of members of the Board specified in the Articles of Association after expiry of a director's term of office but before a new director is elected or due to a director's resignation, the retiring director shall continue to perform his duty as a director pursuant to PRC laws, administrative regulations, regulatory requirements and the Articles of Association before the new director takes office. The director's resignation report shall not take effect until a new director is elected for the vacancy.

Upon the occurrence of any of the circumstances specified in the preceding paragraph, the Board shall start the procedures for by-election of directors within five working days, and convene a shareholders' general meeting to elect directors within two months. The term of office of the directors by-elected shall end till that of the existing Board expires.

**Article 123** When a director leaves due to resignation, expiry of term of office or removal, his obligations to the Company and shareholders is not necessarily released within a reasonable period after his tenure terminates, and his duty of confidentiality in relation to trade secrets of the Company survives the termination of his tenure till such secrets become public.

## **Section 2 Independent Directors**

**Article 124** The independent director shall refer to the director having no other position in the Company (other than as a director of the Company), and without any relationship with the Company or its controlling shareholder or de facto controller, which is likely to impair his independent and objective judgment on the Company's matters. At least one of the Company's independent directors shall be financial or accounting professional.

The nomination, election, removal and responsibilities of independent directors shall comply with the PRC laws, administrative regulations and regulatory requirements.

An independent director shall have good professional competence and reputation. Other than the qualifications required by the regulatory rules of the CIRC, an independent director shall also meet the following requirements:

- (1) He shall have qualifications for serving as a director of a listed company as required by the PRC laws, administrative regulations and regulatory requirements, independently perform his duties and is immune to the influence of the Company's major shareholders or de facto controller or other interested units or individuals;
- (2) He shall have the basic knowledge of the operation of a listed company and be well acquainted with the relevant PRC laws, administrative regulations and regulatory requirements;
- (3) He shall have more than eight years of experience in the legal, economic, financial or accounting fields or other work experiences conducive to his performance of duties of an independent director;
- (4) He shall be familiar with the operation and management of insurance business, and relevant PRC laws, administrative regulations and regulatory requirements;
- (5) He shall be able to read, understand and analyse the financial statements and actuary data of an insurance company;
- (6) He shall have the necessary time and effort to perform his duties, and be diligent and conscientious.



**Article 125** An independent director shall have the following powers in addition to having those powers granted to directors by the Company Law and other relevant laws, administrative regulations, regulatory requirements and the Articles of Association:

- (1) to review the fairness of significant related transactions, implementation of internal audit procedures and impacts on the interests of the insured. Opinions shall be provided in writing on any problems found in the related transactions reviewed. Independent directors may retain an intermediary to provide independent financial advisor report as the basis of its judgment;
- (2) to propose to the Board to convene extraordinary general meetings;
- (3) to propose to convene Board meetings;
- (4) to independently engage external auditing firms and consultancy firms;
- (5) to propose to the Board to retain or remove an accounting firm;
- (6) other functions and powers as stipulated by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

The exercise of the aforesaid functions and powers by independent directors shall be approved by the majority of all independent directors.

**Article 126** Independent directors shall provide objective, fair and independent opinions on the matters discussed at shareholder's general meetings and Board meetings, in particular the following matters:

- (1) material related transactions;
- (2) profit distribution plans;
- (3) nomination, appointment and removal of directors, appointment and removal of senior management officers;
- (4) remuneration of directors and senior management officers;
- (5) matters that may jeopardise the interests of the insured and medium and minority shareholders in the opinion of independent directors;
- (6) matters that may cause significant losses of the Company in the opinion of independent directors;
- (7) any other matters as required by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

**Article 127** An independent director shall be deemed to have committed gross neglect of duty under any of the following circumstances:

- (1) he has disclosed the trade secret and impaired the lawful interest of the Company;
- (2) he has accepted undue benefit during the course of performing his duties, or has sought private gains by taking advantage of his status of acting as an independent director;
- (3) he has failed to raise an objection despite being fully aware that the resolution of the Board of Directors has violated the PRC laws, administrative regulations or the Articles of Association;
- (4) he has failed to exercise his veto power in connection with a related transaction which, as he knows or shall know, will cause heavy loss to the Company;
- (5) he is engaged in any other gross neglect of duty as prescribed by the CIRC. If an independent director is disqualified by CIRC on the ground that he/she has committed gross neglect of duty, he/she shall be automatically removed from his/her duty since the date of disqualification.

**Article 128** To ensure that independent directors shall be able to exercise their powers effectively, the Company shall provide the following necessary conditions for the independent directors.

- (1) The Company shall ensure that an independent director enjoy the same rights to know as other directors;
- (2) When an independent director exercises his/her functions and powers, the Company's Board secretary and other related persons shall actively cooperate;
- (3) Reasonable expenses incurred to an independent director as a result of appointment of intermediaries or performance of his functions and powers shall be borne by the Company;
- (4) The Company shall provide working conditions necessary for the independent director to perform his/her duties.

**Article 129** The Board of Directors and the Board of Supervisors shall have the right to propose the dismissal of an independent director at a shareholders' general meeting if such independent director:

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

**Article 130** The Company shall pay remuneration and allowance to independent directors. The standard for such payment shall be set by the Board of Directors, and considered and adopted at a shareholders' general meeting. Any reasonable costs incurred to the independent director in his/her performance of duties shall be borne by the Company.

**Article 131** Unless otherwise required in laws, administrative regulations, regulatory requirements and this section, stipulations in Section 1 of this Chapter shall also apply to independent directors.

### **Section 3 Composition of the Board of Directors**

**Article 132** The Company shall have a Board of Directors, which is accountable to the shareholders' general meeting.

**Article 133** The Board shall consist of 11 directors, of which four shall be independent directors.

**Article 134** The Board of Directors shall have its office which shall be responsible for the preparation of shareholders' general meetings, meetings of the Board of Directors and specialised committees under the Board, the preparation of meeting documents and minutes, information disclosure, investor relationship and other day-to-day affairs of the Board of Directors and specialised committees under the Board.

**Article 135** The Board shall have one chairman and one vice chairman.

**Article 136** The Board shall have a reasonable specialty structure, and its members shall possess knowledge, skills and quality necessary for performing their duties.

#### **Section 4 Functions and Powers of the Board of Directors**

**Article 137** The Board shall be accountable to the shareholders' general meeting and exercises the following powers according to the law:

- (1) convening shareholders' general meetings and reporting its work to the shareholders' general meeting;
- (2) implementing the resolutions of the shareholders' general meetings;
- (3) determining the operation plans and investment plans of the Company;
- (4) formulating the development strategies of the Company;
- (5) formulating the annual financial budget and final accounts of the Company;
- (6) formulating the profit distribution plan and loss recovery plan of the Company;
- (7) formulating proposals for increases or reductions of our registered capital and the issue of corporate bonds, shares, warrants or other securities by the Company or the listing of the Company;
- (8) formulating plans for the repurchase of shares of the Company or merger, division, dissolution and changes of the form of the Company;
- (9) formulating proposals for any amendment to the Articles of Association;
- (10) formulating the procedural rules of the shareholders' general meetings and Board meetings and the working rules for specialised committees under the Board;
- (11) formulating the basic management system of the Company;
- (12) deciding on the establishment of internal management departments, branches and subsidiaries of the Company and deciding on the establishment of legal entities within the scope of the authorisation of the shareholders' general meeting;
- (13) regularly evaluating and improving the corporate governance of the Company;

- (14) appointing or removing senior management officers of the Company, and implementing reviews as well as determining remuneration and relevant rewards and punishment arrangements with respect to such personnel; appointing or removing members of each specialised committees under the Board;
- (15) reviewing and deciding on evaluation plans for the results of operation of our major subsidiaries;
- (16) reviewing annual financial reports and major disclosure of information of the Company;
- (17) submitting to the shareholders' general meeting on the appointment or removal of an accounting firm which shall conduct regular statutory audit on the financial reports of the Company;
- (18) considering and approving, or authorising the related transactions control committee under the Board to approve, related transactions, except for those which shall be considered and approved by the shareholders' general meeting as required by laws;
- (19) considering and approving the Company's matters such as the investment, purchases of assets, disposal and writing off of assets, external guarantees and external donations within the scope of the authorisation of the shareholders' general meeting;
- (20) exercising such other functions and powers as granted by the PRC laws, administrative regulations, regulatory requirements or the Articles of Association and as empowered by the shareholders' general meeting.

Matters within the scope of functions and powers of the shareholders' general meeting shall not be implemented until the Board submits its resolutions to the shareholders' general meeting for approval.

The aforesaid matters within the scope of Board's functions and powers shall be determined by the Board after consideration, and may be determined by the chairman or the president with the Board's authorisation, provided that it is necessary, reasonable and legitimate.

**Article 138** The powers of the Board of Directors to deal with investment with the Company's assets, purchase, disposal and write-off of assets, provision of external donations and guarantees shall be approved by the shareholders' general meeting.

**Article 139** The Board shall not, without the prior approval at the shareholders' general meeting, dispose or agree to dispose of any fixed assets where the aggregate amount of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of any fixed assets that has been completed in the period of four months immediately preceding the proposed disposal, exceeds 33% of the value of the fixed assets as shown in the latest balance sheet reviewed by the shareholders' general meeting.

For the purposes of this Article, a disposal of fixed assets includes an act involving the transfer of an interest in certain assets but does not include the provision of security by way of fixed assets.

Any 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 140** The Board shall explain to the shareholders' general meeting regarding the auditor's reports with a qualified opinion, an adverse opinion or a disclaimer of opinion given by the chartered accountant in relation to the financial report of the Company.

**Article 141** Where the Board of Directors dismisses the president during his term of office, the Board Office shall promptly notify the Board of Supervisors in writing.

### **Section 5 Procedural Rules of the Board of Directors**

**Article 142** Board meetings are convened and presided over by the chairman of the Board of Directors. When the chairman of the Board of Directors is unable or fails to perform his duties, the vice chairman shall act on his behalf; when the vice chairman is unable or fails to perform his duties, a director elected by more than half of all the directors shall act on his behalf.

**Article 143** Resolutions to be adopted at the meeting of the Board of Directors shall be voted by a show of hands or open ballot. Each director shall have one vote.

**Article 144** Meetings of the Board comprise regular meetings and interim meetings. Supervisors should be notified to attend Board meetings as non-voting participants. Whenever necessary, relevant personnel may also attend Board meetings as a non-voting participant.

- (1) Regular meetings shall be held at least four times every year.

- (2) The chairman of the Board of Directors shall convene an interim meeting within 10 days from the date of receipt of the following requests:
  1. proposed by the shareholders representing more than one-tenth of the voting rights;
  2. considered necessary by the chairman;
  3. jointly proposed by more than one-third of the directors;
  4. proposed by the Board of Supervisors;
  5. jointly proposed by more than two independent directors;
  6. in other cases as required by laws, administrative regulations, regulatory requirements and Articles of Association.

**Article 145** Notice of a regular meeting shall be served on all the directors and supervisors 15 days before the date of meeting. Notice of an interim meeting shall be served on all the directors and supervisors seven days before the date of meeting. When calculating the period of notice, the Company shall exclude the date of the meeting. In the event of an emergency, the convening of an interim meeting is not subject to the above time limit of notification and a reasonable notice for the meeting shall be given thereafter.

**Article 146** The notice of a Board meeting shall state the following:

- (1) the time and venue of the meeting and its way of convening;
- (2) the duration of the meeting;
- (3) the reasons, agenda, subject matters and related materials;
- (4) the date of issuing the notice;
- (5) the convenor; explanations and basis of such meeting in case it is not convened by the chairman;
- (6) name of the contact person and contact information.

If the related materials are circulated later than the notice is issued, the Company shall give sufficient time to directors for them to familiarise such materials.

**Article 147** The notice of a Board meeting shall be delivered to all directors in the following way:

- (1) in writing in case of regular meetings;
- (2) in writing in case of interim meetings in principle, or by telephone in case of emergency with a supplementary written notice delivered after the meeting.

**Article 148** When one fourth of the directors or more than two independent directors believe that the meeting materials are not sufficient or the demonstration is not clear, they may jointly propose to the Board of Directors to postpone the convening of the Board meetings or the consideration of such matters, and the Board of Directors shall adopt such proposal.

**Article 149** A Board meeting shall be held only when more than half of the directors (including directors as a proxy for other directors) attend the meeting. The president shall attend the Board meeting as a non-voting participant. Expenses incurred by directors as a result of such attendance shall be borne by the Company.

**Article 150** In principle, the Board meeting shall be convened by way of on-site meetings. The Board meeting may also be convened through video, telephone and other telecommunications methods on such a premise that directors may fully give their opinions. A meeting that can ensure the real-time communications and discussions among all attending directors shall be deemed as on-site one. In respect of proposals which need to be approved by way of Board resolutions but do not require intensive communications or discussion among the directors, they can be signed by fax. However, signing by fax shall not be allowed for the Board's interim meetings where Items (6) to (9) and (18) of Article 137 of the Articles of Association are discussed and proposals concerning the remuneration plan, appointment or dismissal of senior management officers or the Company's risk management are involved.

**Article 151** The Directors shall attend in person the meetings of the Board of Directors. Where any director is unable to attend the meeting for certain reasons, he/she may, by issuing a written power of attorney on which he/she will sign or seal, entrust another director to attend the meeting on his/her behalf, and the name of such director entrusted, the matters entrusted, the scope of authorisation and the valid period shall be stated in such power of attorney.

A director shall not be entrusted by more than two directors in principle.

An independent director can only entrust another independent director to attend the meeting. When considering related transactions, a non-related director shall not entrust a related director to attend the meeting.



A director appointed as a proxy of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the Board of Directors, and has not appointed a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

**Article 152** Resolutions of the Board shall be approved and adopted by more than one-half of all directors. For the following matters, the resolutions shall be approved and adopted by two-thirds or more of all directors:

- (1) formulating our profit distribution plan and loss recovery plan;
- (2) formulating our annual budget and final accounts;
- (3) formulating plans for increase or reduction of our registered capital;
- (4) formulating plans for merger, division, dissolution and changes of the form of the Company;
- (5) formulating plans for issuance of bonds, shares, warrants or other marketable securities by the Company and listing of the Company;
- (6) formulating plans for share repurchase plans of the Company;
- (7) formulating amendments to the Articles of Association;
- (8) appointing or removing senior management officers of the Company and determining the remuneration and relevant rewards and punishment arrangements of the senior management officers of the Company; appointing or removing members of each specialised committee under the Board;
- (9) the Company's matters such as the Company's establishment of legal entities, investment, purchases of assets, disposal and writing off of assets, external donations and external guarantees;
- (10) appointment, removal and non-reappointment of an accounting firm which shall conduct regular statutory audit on the financial reports of the Company;
- (11) other matters that shall be passed by special resolutions as required by more than half of all directors;
- (12) other matters which shall be passed by two-thirds or more of the directors as provided for by laws, administrative regulations, regulatory requirements and the Articles of Association.

**Article 153** Where a director or any close associate (as defined in the Hong Kong Listing Rules) of a director has material interests or affiliated relationship in a matter to be resolved by the Board, such director(s) shall not be counted as quorum, shall abstain from voting on such resolution(s) and shall not vote on behalf of other directors unless otherwise specified in laws, administrative regulations, regulatory requirements or relevant requirements of the securities regulatory authorities or stock exchange at the place where the shares of the Company are listed.

Such resolutions of the Board meeting in relation to the approval of the proposed matters shall be passed by more than one-half of the votes of the directors who have no affiliated relationship in the resolutions.

Where the number of directors who have no affiliated relationship attending the Board meeting is less than three, the Board shall promptly refer such resolution(s) to shareholders' general meeting for consideration. Upon such referral, the Board shall explain the circumstances of review of the Board on such resolution(s) and record the views expressed by the directors who have no affiliated relationship on such resolution(s).

**Article 154** Resolutions shall be made promptly regarding the matters discussed at the meeting, which shall be confirmed with the directors in presence. The resolutions shall be delivered to each director within five days after the meeting.

The directors shall sign the minutes of resolutions passed at the Board meetings and shall be liable for the resolutions of the Board of Directors.

If a resolution of the Board of Directors violates the PRC laws, administrative regulations, regulatory requirements, the Articles of Association or resolution of the shareholders' general meeting, and as a result of which the Company sustains serious losses, the directors who vote in favour of or abstain from voting on such resolution shall be liable to compensate the Company according to the law. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

**Article 155** The Board shall keep minutes of its decisions on the matters considered at the meetings, which shall contain the following information:

- (1) The date, venue, way of convening, and names of the convenor and the chairman of the meeting;
- (2) Names of the attending directors and persons attending the Board meeting as a non-voting participant, appointing directors and their proxies;

- (3) Agendas of the meetings;
- (4) Key opinions;
- (5) The method and result of voting for every resolution (with the number of votes for and against the resolution and the number of abstained votes as well as the votes by each director);
- (6) Signatures of the directors and the recorder.

Each director attending the meeting shall have the right to request for an explanation of his/her comments made at the meetings to be noted in the minutes. If a director has different opinions on the meeting minutes, he/she may input supplementary explanations when signing the minutes.

The Company may take both audio and video recordings of the meeting or record by other means. Recordings of the Board meetings shall be maintained pursuant to the Company's archive management system.

**Article 156** The specific discussion methods and voting procedures of the Board of Directors shall be stipulated in the procedural rules of the Board of Directors.

#### **Section 6 Chairman of the Board of Directors**

**Article 157** A director may serve as the chairman or the vice chairman of the Board, who shall be elected and removed by more than half of all directors. When replacing its Board chairman or vice chairman, the Company shall report to the CIRC for approving their qualifications. Their tenure shall start from the later date of their election as the chairman or vice chairman or the CIRC's approval of their qualifications.

**Article 158** The tenure of each chairman and vice chairman shall be the same as that of the Board of Directors. The tenure of the chairman and the vice chairman may be re-elected.

**Article 159** The chairman of the Board shall exercise the following authorities:

- (1) to exercise the authorities of legal representatives, including, on behalf of the Company, signing contracts, dealing with litigations, and attending shareholders' general meetings of other companies of which the Company is a shareholder or controlling shareholder, and exercising other authorities (he may authorise other persons of the Company to exercise);

- (2) to preside over shareholders' general meetings and to report to the shareholders' general meeting on behalf of the Board of Directors;
- (3) to convene and preside over the Board meetings, and to sign important documents of the Board;
- (4) to supervise and check on the implementation of resolutions passed at the meeting of the Board and the work of Board committees, and report them to the Board of Directors;
- (5) to sign the share certificates, bond certificates and other securities certificates issued by the Company;
- (6) in case of major unexpected events or other emergency circumstances, to exercise special adjudicative right and special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide post-event reports to the CIRC, the Board and the shareholders' general meeting;
- (7) to exercise other functions and powers conferred by the Board;
- (8) to exercise other functions and powers stipulated in laws, administrative regulations, regulatory requirements or the Articles of Association.

#### **Section 7 Special Committees of the Board of Directors**

**Article 160** The Company's Board of Directors shall have special committees such as the strategy and investment committee, the audit committee, the nomination and remuneration committee, the risk management committee and the related transactions control committee.

**Article 161** The Board of Directors may set up other special committees and adjust the existing committees if needed. Rules of procedures or working rules of each committee shall be formulated by the Board of Directors. All special committees shall play a supportive role in decision-making and shall be accountable to the Board of Directors. They shall assist the Board of Directors in performing its duties based on the Board's authorisation.

## **Section 8 Board Secretary**

**Article 162** The Company shall have a Board secretary, who shall be nominated by the chairman of the Board and approved by the Board for his/her engagement. The Board secretary shall be accountable to the Board and is a senior management officer of the Company.

The Board secretary shall be a natural person who has the requisite professional knowledge and experience. The appointment of the Board secretary shall be subject to the approval by the CIRC.

**Article 163** A director or other senior management officer of the Company (excluding the president and the chief financial officer) may hold the office of Board secretary concurrently, but he/she shall ensure to have sufficient time and efforts necessary to assume the responsibility as a Board secretary.

The president, chief financial officer and supervisors shall not hold the office of Board secretary concurrently. The certified accountant of the accounting firm and the lawyer of the law firm appointed by the Company shall not act as the Board secretary.

Where the Board secretary is also a director and an act is required to be done by a director and the secretary separately, such person who is acting both as director and the secretary shall not perform the act in both capacities.

**Article 164** The main duties of the Board secretary are:

- (1) preparing and submitting the reports and documents of Board meetings and shareholders' general meetings as required by relevant national authorities;
- (2) assisting the directors in handling the daily work of the Board, providing the directors with or reminding them of and ensuring them understand the regulations, policies and requirements of relevant regulatory authorities relating to the Company's operation; assisting the shareholders, directors, supervisors and president to comply with the PRC laws, administrative regulations, regulatory requirements, the Articles of Association and other relevant provisions in exercising their rights and duties;
- (3) reminding the Company to comply with the relevant laws, administrative regulations and regulatory requirements;

- (4) ensuring the completeness of the Company's organisational documents and records; being responsible for organising and preparing documents of the shareholders' general meetings and Board meetings, to ensure decisions made at such meetings are in compliance with legal procedures, and is aware of the execution of the resolution by the Board; being responsible for maintaining minutes, documents and records of the shareholders' general meetings and Board meetings;
- (5) ensuring the duly maintenance of the register of members; ensuring those persons entitled to obtain the relevant minutes and documents of the Company could obtain them in a timely manner;
- (6) being responsible for matters related to the Company's information disclosure;
- (7) handling the Company's relation with the regulatory authorities, investors, intermediary agencies and the media, and coordinating public relations of the Company;
- (8) assisting the chairman of the Company in preparing the corporate governance report; and
- (9) other duties conferred by laws, administrative regulations, regulatory requirements and the Board.

## **Chapter 9 Supervisors and the Board of Supervisors**

### **Section 1 Supervisors**

**Article 165** The supervisors shall include supervisors representing shareholders and supervisors representing employees. They may include external supervisors. The supervisors representing shareholders and external supervisors shall be elected or dismissed by the shareholders' general meeting. Supervisors representing employees shall be elected or dismissed at the employee representative meeting by the employees of the Company.

Provisions on qualifications of directors in the Articles of Association shall be applicable to supervisors.

Supervisors of the Company shall have their qualifications be approved by the CIRC.

**Article 166** The directors and senior management officers shall not act concurrently as supervisors.

**Article 167** Each term of office of a supervisor is three years and a supervisor may serve consecutive terms if so re-elected after his/her term of office is expired. The term of office of a supervisor shall be calculated from the later of the date on which the relevant resolution is adopted by the shareholders' general meeting or the date on which he/she is elected by the employee representative meeting and the date on which his/her qualifications for a supervisor is approved by the CIRC, till the expiry of the term of the Board of Supervisors.

Shareholders have the rights to propose to the shareholders' general meeting to remove a supervisor (excluding employee representative supervisor) who has lost his/her qualifications or is unable to perform his/her duties faithfully. The original recommending shareholder may propose to the shareholders' general meeting to remove a shareholder representative supervisor based on business need.

The employee representative meeting has the rights to remove an employee representative supervisor who has lost his/her qualifications or is unable to perform his/her duties faithfully, and may remove an employee representative supervisor based on business need.

**Article 168** The form and procedure to nominate a supervisor representing shareholders shall be:

- (1) Candidates for shareholder representative supervisors of the first session of the Board of Supervisors shall be nominated by the Company's promoters and elected at the Company's inception meeting; and
- (2) A candidate for the position of supervisor representing Shareholders thereafter shall be nominated by the previous Board of Supervisors or Shareholders individually or jointly holding 5% or more of the voting rights in the Company, proposed by the Board of Supervisors and elected at the shareholders' general meeting.

A candidate for the position of supervisor shall undertake prior to the convening of the Company's shareholders' general meeting, confirming his/her acceptance of nomination and further undertaking that his provided information in this aspect is authentic and complete and that he shall earnestly perform the supervisor's duties.

**Article 169** Supervisors representing employees are elected and dismissed by the employee representative meeting.

**Article 170** Supervisors shall have the rights to know the business decisions of the Company and their implementation, attend the Board of Supervisors meetings and exercise their voting rights and rights to propose. The supervisors may attend shareholders' general meetings as requested. The supervisors may attend Board meetings as non-voting participants, and deliver enquiry or suggestion regarding resolutions at Board meetings, with no voting power, however. Supervisors attending aforesaid meetings shall report the meetings to the Board of Supervisors.

Supervisors' rights mentioned above and their performance of duties are protected by law. Any unit, department or individual shall not intervene, hinder or conceal. Supervisors shall abide by the laws, administrative regulations, regulatory requirements and the Articles of Association. They shall perform the obligations faithfully and diligently.

**Article 171** A supervisor may resign before his term of office expires. A supervisor who resigns shall submit a written resignation report to the Board of Supervisors. Procedures for the resignation of directors hereunder shall also apply to those for the resignation of supervisors.

**Article 172** If no new supervisor is elected after the term of a supervisor expires, or the number of members of the Board of Supervisors is less than the quorum due to any supervisor's resignation during his term of office, the relevant supervisor shall continue to perform his duties as a supervisor in accordance with laws, administrative regulations, regulatory requirements and the Company's Articles of Association until a new supervisor is elected.

**Article 173** Supervisors shall attend the meetings of the Board of Supervisors in person. If for any reason a supervisor is unable to attend the meeting, he shall by written authorisation appoint another supervisor to act as his proxy to attend the meeting. A proxy form shall state the scope of the authorisation.

In the event that a supervisor fails to attend two consecutive meetings of the Board of Supervisors in person without appointing a proxy to attend on his behalf, he/she shall be deemed to be unable to perform his/her duties. The Board of Supervisors shall propose to the shareholders' general meeting or the employee representative meeting that the supervisor be removed.



## Section 2 External Supervisors

**Article 174** The “external supervisors of the Company” refers to supervisors who have taken up no position in the Company other than that of supervisor, and who do not have any relationship with the Company and its substantial shareholders which may hinder him from forming independent and objective judgments.

The external supervisors shall be nominated by shareholders individually or jointly holding not less than 1% of the voting shares in the Company, and shall be elected by the shareholders’ general meeting.

The qualifications, election, replacement and resignation of the external supervisors shall follow the provisions relating to independent directors as stipulated hereunder.

**Article 175** An external supervisor may appoint another external supervisor to attend the Board of Supervisors meeting on his/her behalf, but the number of times he/she attends the Board of Supervisors meeting in person shall not be less than two-thirds of the total number of the Board of Supervisors meetings.

The Board of Supervisors is empowered to propose to the shareholders’ general meeting the removal of an external supervisor if the number of Board of Supervisors meetings he/she has attended in a year is less than two-thirds of the total number of the Board of Supervisors’ meetings held in the year, or he/she fails to attend the Board of Supervisors’ meetings in person for two consecutive times or to appoint another external supervisor to attend on his/her behalf.

**Article 176** An external supervisor who falls in any of the following circumstances shall be in serious dereliction of duties:

- (1) divulging any trade secret of the Company, hence harming the legal interests of the Company;
- (2) accepting improper gains in the course of duty performance;
- (3) taking advantage of his/her position of external supervisor to seek personal gains;
- (4) failing to find out a problem which should have been found out in the course of supervisory inspection, or concealing a problem which has been found out, hence causing material losses to the Company;
- (5) other acts identified to be serious dereliction of duty by the CIRC.

**Article 177** Unless otherwise required by laws, administrative regulations, regulatory requirements and this section, external supervisors shall also observe the provisions of Section 1 of this Chapter.

### **Section 3 Composition of the Board of Supervisors**

**Article 178** The Company shall have a Board of Supervisors. The Board of Supervisors is a supervisory body of the Company and shall be responsible to the shareholders' general meeting.

**Article 179** The Board of Supervisors shall be composed of five supervisors, two of which shall be supervisors who are representatives of the employees.

The Board of Supervisors shall have one chairman, who shall be elected or removed by the votes of two-thirds or more of the members of the Board of Supervisors. The appointment of the chairman of the Board of Supervisors shall be subject to the approval by the CIRC, and the term of office shall commence from the date on which he/she has been elected as the chairman by Board of Supervisors or the date on which his/her appointment has been approved by the CIRC (whichever is later). The term of office of the chairman shall be the same as the Board of Supervisors, and the chairman may serve consecutive terms if re-elected.

**Article 180** The chairman of the Board of Supervisors shall have the following duties:

- (1) to convene and preside over the Board of Supervisors meetings, or, if he/she is incapable of performing his duties, appoint a supervisor to convene and preside over the Board of Supervisors meetings;
- (2) to organise the performance of the duties of the Board of Supervisors;
- (3) to approve and sign reports and other material documents of the Board of Supervisors;
- (4) to report to the shareholders' general meeting on behalf of the Board of Supervisors;
- (5) to perform other duties as required by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

If the chairman of the Board of Supervisors is incapable of performing or not performing his/her duties, a supervisor nominated by more than half of the supervisors shall perform the duties.

**Article 181** The Performance Supervision and Inspection Committee and the Financial Supervision and Inspection Committee have been set up under the Board of Supervisors. Specialised committees under the Board of Supervisors are accountable to the Board of Supervisors, and assist the Board of Supervisors in performing its duties.

**Article 182** The Board of Supervisors shall have its office which shall be the administrative body of the Board of Supervisors and responsible for the preparation of meetings, preparation of meeting documents and minutes and handling of other routine affairs of the Board of Supervisors and its specialised committees.

**Article 183** The Board of Supervisors shall exercise the following powers:

- (1) reporting its work to the shareholders' general meeting;
- (2) monitoring and examining the Company's financials;
- (3) supervising the conduct of the directors and senior management officers in their performance of duties and proposing the removal of directors and senior management officers who have contravened any of the PRC laws, administrative regulations, regulatory requirements, the Articles of Association or resolutions of the shareholders' general meeting;
- (4) demanding rectification from a director or any senior management officers when the acts of such persons are harmful to the Company's interest;
- (5) proposing to convene an extraordinary shareholders' general meeting and convening and presiding over the shareholders' general meeting when the Board fails to perform its duty of convening and presiding over the shareholders' general meeting;
- (6) proposing resolutions at the shareholders' general meeting;
- (7) representing the Company in negotiations with a director and bring an action against a director or senior management officer pursuant to the Company Law and the Articles of Association;
- (8) formulating the procedural rules of the Board of Supervisors and the working rules for specialised committees under the Board of Supervisors;
- (9) reviewing financial information such as the financial reports, operation reports and profit distribution plans to be submitted by the Board to the shareholders' general meeting; if there is any doubt, to engage certified public accountants and practicing auditors in the name of the Company to assist their review; and

- (10) exercising other duties specified under the PRC laws, administrative regulations, regulatory requirements or the Articles of Association and by shareholders' general meetings.

**Article 184** The records of supervision on directors, president and other senior management officers and the results of financial or special inspection made by the Board of Supervisors shall constitute an important basis for the performance evaluation of directors, president or other senior management officers.

#### **Section 4 Rules of Procedures of the Board of Supervisors**

**Article 185** The results of audit conducted by the internal audit department of the Company regarding the internal functions and branches of the Company shall be submitted to the Board of Supervisors in a timely and comprehensive manner. The Board of Supervisors shall have the right to request the Board of Directors or the internal audit department to provide explanations in case of any doubt in respect of the audit results submitted by the internal audit department.

**Article 186** The Board of Supervisors may engage lawyers, certified public accountants and practising auditors to assist in their work, and reasonable fees incurred therein shall be borne by the Company.

Directors and senior management officers shall honestly furnish the Board of Supervisors with relevant information and materials, and shall not prevent the Board of Supervisors from exercising its powers.

**Article 187** The Board of Supervisors shall discuss matters by way of meetings of the Board of Supervisors, which can be divided into regular meetings and interim meetings.

**Article 188** The Board of Supervisors meeting shall be convened at least every six months. Written notice of a regular meeting shall be served on all supervisors 10 days before the date of the meeting.

**Article 189** The chairman of the Board of Supervisors shall convene an interim meeting within five working days in any of the following circumstances:

- (1) considered necessary by the chairman;
- (2) jointly proposed by more than one-third of the supervisors; or
- (3) proposed by all external supervisors.

Written notice of an interim meeting shall be served on all the supervisors five days before the date of meeting. In the event of an emergency, the convening of an interim meeting is not subject to the above time limit of notification and a reasonable notice for the meeting shall be given thereafter.

**Article 190** Written notice of a Board of Supervisors meeting shall include the following information:

- (1) the time, venue and form of meeting;
- (2) the duration of the meeting;
- (3) the reasons, agenda, subject matters and related materials of the meeting;
- (4) the date on which the notice is served;
- (5) the convenor; explanation of the circumstances of and the basis for a meeting which is not convened by the chairman of Board of Supervisors; and
- (6) the name and contact method of the contact person of the meeting. If there are matters to be discussed, relevant proposals shall be attached and related personnel may be invited to attend the meeting if necessary.

**Article 191** Notice of a Board of Supervisors meeting shall be served on all supervisors in the following way:

- (1) in written form in case of a regular meeting; or
- (2) in written form in case of an interim meeting in principle; in case of emergency, by telephone followed by a written notice delivered thereafter.

**Article 192** The supervisors shall be fully prepared for the subject matters and proposals of the meeting after receiving the meeting notice. If a supervisor is unable to attend the meeting, he/she may appoint another supervisor by a written power of attorney specifying the scope of the authorisation to attend the meeting on his/her behalf. The supervisor shall be deemed as having attended the meeting in person if the appointed supervisor is present at the meeting. A supervisor shall not be appointed by more than two supervisors.

**Article 193** Board of Supervisors meetings shall be convened and presided over by the chairman of the Board of Supervisors. In the event that the chairman of the Board of Supervisors is incapable of performing his/her duties of convening the Board of Supervisors meeting, he/she should appoint a supervisor to convene and preside over the meeting. Where the chairman fails to perform his/her duties for no reasons and fails to designate a specific personnel to perform his duties on his/her behalf, a supervisor being jointly elected by more than half of all the supervisors shall convene and preside over the meeting.

**Article 194** A meeting of the Board of Supervisors shall be convened only when over half of the supervisors (including supervisors appointing other supervisors to attend on his/her behalf) are present. Each supervisor shall have one vote when voting on resolutions of the Board of Supervisors meeting. Resolution of the Board of Supervisors shall be passed by more than two-thirds of the members of the Board of Supervisors.

**Article 195** In principle, a Board of Supervisors meeting shall be held by way of on-site meeting. The Board of Supervisors' meeting may also be held by video conference, teleconference or other means of communication provided that the supervisors can fully express their opinions. A meeting shall be deemed onsite when all attending supervisors can have instant communication and discussion.

Proposals which need to be considered and approved by the Board of Supervisors but which do not necessarily require communication or discussion among the supervisors can be approved by circulating and signing written proposals.

**Article 196** All members of the Board of Supervisors shall have the right to speak at the Board of Supervisors meetings. The Board of Supervisors shall examine proposals put forward by any supervisor. Whenever necessary, the Board of Supervisors may request the directors and senior management officers of the Company to attend the meetings to make necessary explanations on related matters.

**Article 197** Resolutions shall be voted by a show of hands or by poll at the meetings of the Board of Supervisors.

**Article 198** Meeting minutes recording the whole process of the Board of Supervisors meetings shall be prepared and kept as written documents and signed by the attending supervisors and the recording officer.

Supervisors shall have the rights to request to record their qualified opinions in the minutes. Supervisors shall sign on the resolutions passed at meetings of the Board of Supervisors and shall be responsible for the resolutions of the Board of Supervisors.

If a resolution of the Board of Supervisors violates the PRC laws, administrative regulations, regulatory requirements, or the Articles of Association, and as a result of which the Company suffers sustains losses, the supervisors who voted for or abstained from voting on such resolution shall be liable to compensate the Company. However, if it can be proved that a supervisor expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such supervisor shall be released from that liability.

The minutes of the Board of Supervisors' meetings shall be kept in a manner in line with the Company's file management system.

**Article 199** The specific methods for discussion and voting procedures of the Board of Supervisors shall be stipulated in the procedural rules of the Board of Supervisors. The Company shall formulate the procedural rules of the Board of Supervisors, which shall be prepared by the Board of Supervisors and submitted for approval by the shareholders' general meeting.

#### **Chapter 10 General Manager (President) and Other Senior Management Officers**

**Article 200** The Company shall have a general manager (also referred to herein as "president") and deputy general manager(s) (also referred to herein as "vice president(s)"), and, whenever necessary, other senior management officers to assist the president.

The president shall be nominated by the chairman of the Board, while other senior management officers (except the Board secretary) shall be nominated by the president. The qualifications of the aforesaid persons shall be subject to the approval by the CIRC.

**Article 201** Each of the president and other senior management officers shall have a term of office of three years, and may serve consecutive terms if re-elected. The Company's senior management officers shall not be dismissed before their term of office expires without justifiable reasons.

**Article 202** The president shall be accountable to the Board and shall exercise the following function and powers:

- (1) leading the operation and management of the Company and organising the implementation of the resolutions of the Board;
- (2) submitting the annual operation and investment plans of the Company representing the senior management officers to the Board and implementing such plans after the Board approves;

- (3) preparing plans for the establishment of the Company's internal management structure, and reporting it to the Board for approval;
- (4) preparing basic management system of the Company, and reporting it to the Board for approval;
- (5) formulating the basic rules and regulations of the Company;
- (6) proposing to the Board on the appointment or removal of vice president and other senior management officers (excluding the Board secretary);
- (7) deciding on the appointment or removal of management officers other than those who shall be appointed or removed by the Board, and determining the remuneration and relevant rewards and punishment arrangements;
- (8) conducting or delegating senior management officers (excluding the Board secretary) and heads from the internal institutional sectors and our branches to conduct daily operation and management activities within the scope of the authorisation of the Board;
- (9) in the event of unexpected major events or other emergencies, to take immediate actions in the interest of the Company and report immediately thereafter to the CIRC, the Board and Board of Supervisors; and
- (10) exercising other powers specified under the PRC laws, administrative regulations, regulatory requirements and the Articles of Association and other powers resolved to be exercised by the president at the Board meetings and shareholders' general meetings.

In the event that the president is unable or fails to perform his/her duties, the director, vice president or other senior management officer designated by the Board shall perform his/her functions and powers on his/her behalf.

**Article 203** When performing his/her functions and powers, the president shall not change the resolutions by the shareholders' general meetings and the Board of Directors.

**Article 204** The president and other senior management officers shall perform his/her fiduciary and diligent duties in accordance with the PRC laws, administrative regulations, regulatory requirements and the Articles of Association.

**Article 205** A resignation audit shall be performed on the president and other senior management officers after they leave their positions.



## **Chapter 11 Qualifications and Obligations of the Company's Directors, Supervisors and Senior Management Officers**

**Article 206** A person may not serve as a director, supervisor, president or any other senior management officer of the Company in any of the following circumstances:

- (1) a person without legal capacity for civil conduct or with restricted legal capacity for civil conduct;
- (2) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or sabotaging social economic orders; or who has been deprived of his political rights, in each case where not more than five years have elapsed since the date of the completion of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation due to mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where not more than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of law and who incurred personal liability, where not more than three years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively substantial amount of debts due and outstanding;
- (6) a person who was under investigation by the judicial authorities as a result of violation of criminal law and such case has not been closed;
- (7) a person who may not act as leaders of enterprises by virtue of laws and administrative regulations;
- (8) a non-natural person;
- (9) a person who is convicted of contravention of relevant securities laws and regulations by a relevant regulatory authority, where such conviction involves fraudulent or dishonest acts and not more than five years have elapsed since the date of such conviction; and

- (10) a person of whom laws, administrative regulations, regulatory requirements, the Articles of Association, the CIRC and other regulatory authorities deem not appropriate to act as a director, supervisor, president or other senior management officer.

Where a director, supervisor, president or other senior management officer falls in any of the circumstances specified in the first paragraph of this Article during his/her tenure, the Company shall remove or dismiss him/her in accordance with the procedures set out in the Articles of Association.

**Article 207** The validity of an act of a director, president or other senior management officer of the Company on behalf of the Company towards a bona fide third party shall not be affected by any non-compliance in his/her office, election or qualifications.

**Article 208** Directors, supervisors, president and other senior management officers of the Company shall comply with law, administrative regulations, regulatory requirements and the Articles of Association, and owe fiduciary duties to the Company and its shareholders.

In addition to the obligations imposed by law, administrative regulations, regulatory requirements or relevant requirements of the securities regulatory authorities or stock exchange at the place where the shares of the Company are listed, directors, supervisors, president and other senior management officers of the Company shall also owe the following obligations to each shareholder in the exercise of respective functions and powers granted by the Company:

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

**Article 209** Each of our directors, supervisors, president and other senior management officers owes a duty, in the exercise of his/her powers or discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances.

**Article 210** Each of our directors, supervisors, president and other senior management officers shall carry out his/her duties in accordance with fiduciary principle and shall not put himself/herself in a position where his/her duties and his/her interests may come into conflict. This principle includes (without limitation to) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his/her powers and not to exceed those powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by law, administrative regulations or with the informed consent of the shareholders given at shareholders' general meeting, not to delegate the exercise of his/her discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise specified in the Articles of Association or with the informed consent of shareholders given at shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given at shareholders' general meeting, not to use the Company's property for his/her own benefit in any form;
- (7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (but without limitation to) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given at shareholders' general meeting, not to accept commissions in connection with the Company's transactions;

- (9) to abide by the Articles of Association, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in shareholders' general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets; and
- (12) unless with the informed consent of shareholders given in shareholders' general meeting, to keep in confidence confidential information regarding the Company acquired by him in the course of and during his/her tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  1. required by law;
  2. required for public interest; and
  3. the interests of the relevant director, supervisor, president or other senior management officer require disclosure.

**Article 211** Each director, supervisor, president and other senior management officer of the Company shall not cause the following persons or institutions ("associates") to do what he/she is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, president and other senior management officer;
- (2) a person acting in the capacity of trustee of that director, supervisor, president and other senior management officer of the Company or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, president and other senior management officer of the Company or any person referred to in paragraphs (1) and (2) of this Article;

- (4) a company in which that director, supervisor, president, and other senior management officer of the Company, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) of this Article or other directors, supervisors and senior management officers of the Company, have a de facto controlling interest; and
- (5) the directors, supervisors, president and other senior management officers of the controlled company referred to in paragraph (4) of this Article.

**Article 212** The fiduciary duties of the directors, supervisors, president and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty to keep confidential trade secrets of the Company survives the termination of their tenure. The continuous period of other duties must be decided according to the principle of fairness, depending on the time lapse between the termination of tenure and the act concerned and the circumstances and conditions under which the relationships between them and the Company are terminated.

**Article 213** A director, supervisor, president or other senior management officer of the Company may be relieved from liability for specific breaches of his/her duties by the informed consent of the shareholders' general meeting, except under the circumstances stipulated in Article 62 hereof.

**Article 214** Where a director, supervisor, president and other senior management officer of the Company has a material interest, directly or indirectly, in a contract, transaction or arrangement concluded or planned by the Company (except his/her employment contract with the Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the relevant matter is otherwise subject to the approval of the Board under normal circumstances.

Unless the interested director, supervisor, president and other senior management officers of the Company has disclosed such interest to the Board as required under the preceding paragraph hereof and the relevant matter has been approved by the Board at a meeting in which he/she is not counted in the quorum and has refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except the other party is a bona fide party acting without knowledge of the breach of obligation by the relevant director, supervisor, president and other senior management officer concerned.

A director, supervisor, president and other senior management officer of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which any associate of such director, supervisor, president and senior management officer has an interest.

**Article 215** Where a director, supervisor, president or other senior management officer of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he/she has an interest in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed to be a sufficient declaration of his/her interests as required above, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

**Article 216** The Company shall not in any manner pay taxes for its directors, supervisors, president and other senior management officers.

**Article 217** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to directors, supervisors, president or other senior management officers of the Company or its parent company, or any of their respective associates.

The preceding paragraph shall not apply in the following circumstances:

- (1) the provision by the Company of a loan or a guarantee of a loan to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of our directors, supervisors, president and other senior management officers to meet expenditure incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties in the Company, in accordance with the terms of an employment contract approved by the shareholders' general meeting;
- (3) the Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, president and other senior management officers of the Company or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

**Article 218** A loan made by the Company in breach of the provisions in Article 217 shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

**Article 219** A guarantee provided by the Company in breach of the provisions in Article 217 shall be unenforceable against the Company, unless:

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

**Article 220** The aforesaid guarantee includes the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor.

**Article 221** In addition to any rights and remedies provided by laws and administrative regulations, where a director, supervisor, president or other senior management officer of the Company is in breach of his/her duties to the Company, the Company has the right to:

- (1) claim damages from relevant director, supervisor, president or other senior management officer in compensation for losses incurred by the Company as a result of his/her dereliction of duty;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, president or other senior management officer or with a third party (where the third party knows or should know that there is a breach of obligations owed to the Company by such director, supervisor, president or other senior management officer on behalf of the Company);
- (3) demand a surrender of profits made by the director, supervisor, president or other senior management officer in breach of his/her obligations;
- (4) recover any funds received by the director, supervisor, president or other senior management officer which should have been received by the Company, including (without limitation) commissions;
- (5) demand return of the interest earned or which may have been earned by the director, supervisor, president or other senior management officer on funds that should have been paid to the Company.

**Article 222** With the prior approval at a shareholders' general meeting, the Company shall sign written contracts with its directors and supervisors concerning his/her emoluments. Such emoluments include:

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

Except for the aforesaid contracts, a director or supervisor shall not file any lawsuit against the Company for the benefits they shall obtain for the foregoing matters.

**Article 223** In the contract for emoluments entered into by the Company with a director or supervisor, it shall be provided that such director or supervisor has the right to receive, in connection with the takeover of the Company and subject to the prior approval of the shareholders' general meeting, compensation or other payments for loss of office or retirement from office. A takeover of the Company as referred above means either of the following circumstances:

- (1) a tender offer is made to all shareholders of the Company; or
- (2) a tender offer is made such that the offeror will become the controlling shareholder of the Company (as defined in Article 275 of the Articles of Association).

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



## **Chapter 12 Finance and Accounts, Profit Distribution and Auditing**

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

**Article 224** The Company shall formulate its financial accounting system as required by PRC laws, administrative regulations, regulatory requirements and PRC accounting standards formulated by the financial regulatory authority of the State Council.

**Article 225** The financial year of the Company shall coincide with the calendar year, from 1 January to 31 December of the Gregorian calendar.

**Article 226** The Company shall prepare an annual financial accounting report at the end of each financial year, which shall be examined by an audit firm in accordance with law.

The financial accounting report shall include financial statements and statement of financial position. The financial statements shall include at least balance sheet (including each document of the balance sheet), profit and loss account or statement of income and expenditure, income statement, statement of cash flow, statement of change in owners' equity and notes.

**Article 227** The Company shall disclose its financial reports twice in each financial year, that is, the interim financial reports within 60 days after the end of the first six months of a financial year and its annual financial reports within 120 days after the end of its financial year. Any other requirements as required by the rules of the securities regulatory authority or stock exchange at the place where shares of the Company are listed should thus be followed.

**Article 228** The Board shall place before the shareholders at every annual shareholders' general meeting a financial report prepared by the Company as required by the relevant PRC laws, administrative regulations and regulatory requirements.

**Article 229** The financial report of the Company shall be made available at the legal address of the Company 20 days prior to the date of the annual shareholders' general meeting of the Company for inspection by shareholders. Every shareholder of the Company shall have the right to obtain the financial report referred to in this chapter.

The Company shall send the aforesaid report and the report of the Board of Directors to each shareholder of overseas listed shares by prepaid mail at the address registered in the register of members not later than 21 days before the date of every annual general meeting.

The aforesaid financial report and the Board of Directors report may also be provided to the shareholders by other means as stipulated in the Articles of Association, provided that it complies with the law, regulations and listing rules in the place where the Company's shares are listed.

**Article 230** The Company's annual financial reports shall be prepared in accordance with relevant PRC laws, administrative regulations and regulatory requirements.

The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations and, in addition thereto, shall also be in accordance with either the International Accounting Standards or the accounting standards of the overseas territory where the Company is listed. If there is any material difference between the financial statements prepared respectively in accordance with the two aforementioned accounting standards, such difference shall be stated in the notes to the financial statements. For the purpose of distributing the profits after tax of the Company in respect of the relevant financial year, the lower amount of the profits after tax stated in the two sets of financial statements as aforesaid shall be taken to be the amount of the profits after tax.

**Article 231** Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international standards or that of the place where the Company's shares are listed.

**Article 232** The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be deposited in an account maintained in the name of any individual.

**Article 233** Capital reserve fund includes the following:

- (1) the premium received through issuance of shares at prices above par value;
- (2) other incomes contributed to the capital reserve fund as required by the financial regulatory authority of the State Council.

**Article 234** The Company's after-tax profits shall be distributed in the following order of priority:

- (1) covering the losses in previous years;
- (2) contributing 10% of the profits to the statutory reserve fund;
- (3) contributing to its discretionary reserve fund;
- (4) paying dividends to the shareholders.

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

In the event that the statutory reserve fund of the Company is insufficient to make up the losses of the Company in the previous year, before allocating the statutory reserve fund in accordance with the stipulations of the preceding paragraph, the Company shall first make up the losses by using the profits of the current year.

After allocating the statutory reserve fund from the after-tax profits of the Company, the Company can allocate the discretionary reserve fund according to the resolution of shareholders' general meeting. The after-tax profits after making up the losses of the Company and contribution to the reserves fund shall be distributed in accordance with the proportion of shares held by the shareholders according to the resolution of shareholders' general meeting.

The Company shall not distribute profits to the shareholders if it does not meet regulatory requirements on solvency.

Any distribution of the Company's profits by the shareholders' general meeting to any shareholders before making up its losses or contribution to its statutory reserves fund in violation of the preceding paragraph shall forthwith be returned to the Company.

The shares held by the Company shall not be distributed as dividends.

**Article 235** The Company may distribute dividends in the following manner:

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

**Article 236** The reserve fund of the Company shall be applied to make up losses of the Company, expand its business operations or be converted to increase the registered capital of the Company. When the reserve fund is converted into share capital according to resolutions of the shareholders' general meeting, new shares shall be allocated to shareholders based on their existing shareholding. Upon the conversion of statutory reserve fund into capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital of the Company before such conversion.

**Article 237** The Company shall appropriate security deposit and various insurance reserves in accordance with relevant PRC stipulations.

**Article 238** The Company shall appoint receiving agents on behalf of holders of the overseas listed shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their overseas listed shares.

The receiving agents appointed on behalf of holders of the overseas listed foreign shares shall be in compliance with the laws of the place where the Company's shares are listed and satisfy the requirements of the stock exchanges of the place where the Company's shares are listed. The receiving agents appointed on behalf of holders of the overseas foreign shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

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

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

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

- (1) the Company has distributed dividends at least three times to such shares within 12 years, and the dividends are not claimed by anyone during the period;
- (2) the Company publishes an announcement in one or more newspapers in the place where the shares of the Company are listed after expiration of the 12-year period, stating its intention to sell the shares, and informs the stock exchange on which the shares of the Company are listed.

## **Section 2 Internal Audit**

**Article 239** The Company shall conduct internal audit and assign full-time auditors to conduct internal audit and supervision on the revenues and expenditures and operating activities of the Company.

**Article 240** The internal audit department and the officer in charge of auditing shall be accountable to the Board and the president's office and report the work accordingly.

The senior management officers of the Company shall ensure and support the implementation of the internal audit system and the performance of duties by the internal audit staff of the Company, and shall, on the basis of internal audit needs, promptly provide the internal audit department with materials and information regarding the financial position, risk profile and internal control of the Company, and shall not hinder or impede the internal audit department personnel from conducting audit within their scope of duties.

## **Section 3 Appointment of An Accounting Firm**

**Article 241** The Company shall appoint an independent firm of accountants which is qualified under the relevant PRC regulations to audit the Company's annual financial reports and review the Company's other financial reports. The accounting firm mentioned in this section refers to the accounting firm which conducts statutory audit regularly on the Company's financial reports.

The first accounting firm of the Company may be appointed by the meeting of inauguration before the first annual general meeting, and its term of office shall be terminated at the end of the first annual general meeting.

Where the meeting of inauguration does not exercise the functions and powers stipulated in the preceding paragraph, the Board of Directors shall do so.

**Article 242** The accounting firm appointed by the Company shall hold office for a period commencing from the conclusion of the annual general meeting of the Company until the conclusion of the next annual general meeting.

**Article 243** The appointment of an accounting firm by the Company and its remuneration shall be determined by the shareholders' general meeting. In the event of a vacancy in the accounting firm during the adjournment of general meeting, the Board may appoint an accounting firm to fill such vacancy and determine its remuneration, but shall be confirmed by the next shareholders' general meeting. Such accounting firms may continue to act during the vacancy period if the Company has other incumbent accounting firms.

**Article 244** The accounting firm appointed by the Company shall have the following rights:

- (1) the right to inspect the account books, records or vouchers of the Company at any time, the right to require the directors or senior management officers of the Company to supply relevant information and explanation;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the purpose of discharging its duties;
- (3) the right to attend shareholders' general meetings and to receive all notices of, and other information relating to, any shareholders' general meeting, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's appointed accounting firm.

**Article 245** Regardless of what is stipulated in the contract concluded between an accounting firm and the Company, the shareholders' general meeting may, before the expiration of term of office for the accounting firm, decide to dismiss that firm through the adoption of an ordinary resolution. If such accounting firm has the right to claim compensation from the Company for reason of such dismissal, that right shall not be affected.

**Article 246** Prior to the removal or the non-reappointment of the accounting firm, notice of such removal or non-renewal shall be given 15 days in advance to the accounting firm and such firm shall be entitled to make representation at the shareholders' general meeting. Where the accounting firm resigns its office, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

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

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

The Company shall send a copy to the relevant governing authority within 14 days after receiving the notice. If the notice contains a statement under sub-paragraph (2) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The copy of such statement shall also be sent by mail, postage prepaid, to every shareholder holding overseas listed shares of the Company at the address as recorded in the register of members.

Where the accounting firm's notice of resignation contains a statement of any circumstances, the accounting firm may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

**Article 247** The Company's appointment, dismissal and non-reappointment of an accounting firm shall be resolved by shareholders' general meeting and be filed with the securities regulatory authority under the State Council.

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

- (1) the proposal in relation to the appointment or dismissal shall be sent prior to the issue of notice of shareholders' general meeting to the accounting firm to be appointed, the accounting firm which is about to leave or the accounting firm which has left its post during the accounting year.

An accounting firm leaving its post includes dismissal, resignation and retirement.

- (2) in the event that an accounting firm leaving its post makes a statement in writing and requests the Company to inform shareholders of such statement, unless the Company receives the statement too late, the Company shall adopt the following measures:
  1. state on the notice issued for adoption of the resolution that an accounting firm about to leave its post has made a statement;
  2. submit the copy of the statement as an appendix to the notice to the shareholders in the manner stipulated in the Articles of Association.
- (3) in the event that the statement of the accounting firm has not been despatched in accordance with the provisions in the preceding sub-paragraph (2), the relevant accounting firm may request such statement to be read at the shareholders' general meeting, and may make further appeals.

- (4) the accounting firm leaving its post shall be entitled to attend the following meetings:
1. the shareholders' general meeting at which its term of service would otherwise have expired;
  2. the shareholders' general meeting for filling the vacancy caused by its dismissal;
  3. the shareholders' general meeting convened as a result of its voluntary resignation.

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

### **Chapter 13 Labour Employment System and Labour Union**

**Article 248** The Company's labour employment system shall be implemented according to the PRC laws, administrative regulations and regulatory requirements.

The Company shall protect the legitimate rights and interests of its employees according to law. The Company adopts a contract system for its employees. The Company may enter a labour contract with its employees, participate in the social insurance, reinforce labour protection and achieve safe operation.

The Company will enhance the vocational education and on-the-job training of its employees by various means to improve the quality of its employees.

The Company shall engage and dismiss employees according to relevant PRC regulations. The Company adopts an appointment system for its president, vice president and other senior management officers, and appoints and dismisses according to laws, regulations and the Articles of Association.

**Article 249** The Company's employees organise labour union and carry out union activities in accordance with the Trade Union Law of the People's Republic of China to safeguard the legitimate rights and interests of employees.

**Article 250** The labour union shall carry out activities independently according to relevant PRC regulations. The Company shall provide support and necessary conditions for such activities. The labour union may enter a collective labour contract with the Company on behalf of the employees with regard to the labour remuneration, working hours, benefits, insurance, labour hygiene and other matters according to law.



**Article 251** The Company shall exercise democratic management in accordance with the Constitution and other relevant laws through the employee representative meeting or by other means.

**Article 252** When considering and deciding the restructuring and major matters in terms of operation, or formulating important rules and regulations affecting the vital interest of the employees, the Company shall hear the opinions of the labour union and the opinions and suggestions of the employees through employee meetings, employee representative meetings or by other means.

## **Chapter 14 Merger, Division, Changes in Form, Dissolution and Liquidation of the Company**

### **Section 1 Merger, Division and Changes in the Form of the Company**

**Article 253** The merger, division or changes in the form of the Company shall be proposed by the Board of Directors and approved by the shareholders' general meeting by way of resolutions pursuant to procedures stipulated herein. Relevant approval procedures shall be completed according to law. Shareholders against the Company's merger or division plans shall have the rights to request the Company or shareholders voting for such plans to buy their shares at fair prices. Special documents shall be prepared for the resolutions made in relation to the merger, division or changes in the form of the Company for shareholders' review.

The aforesaid documents shall also be delivered by mail to holders of overseas listed shares.

**Article 254** The merger of the Company may take the form of either merger by absorption or merger by consolidation.

In the event of merger of the Company, the parties to such merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution for merger and shall publish an announcement in a newspaper for at least three times within 30 days after the date of such resolution.

Upon merger, any rights in relation to creditor's rights and any indebtedness of each of the merged parties shall be assumed by the surviving company or the newly established company.

**Article 255** Parties to the merger of the Company shall execute a merger agreement which must be approved by the shareholders' general meeting. The merger agreement shall include:

- (1) Names and domiciles of parties to the merger;
- (2) Name and domicile of the surviving company or the newly established company;
- (3) Asset conditions and the way of treatment of each party to the merger;
- (4) The way of treatment of the debts and creditor's rights of each party to the merger; and
- (5) The amount of capital increased by the surviving company or the newly established company in its establishment.

**Article 256** Where there is a division of the Company, its assets shall be divided up accordingly. In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the Company's division resolution and shall publish an announcement in a newspaper for at least three times within 30 days after the date of the Company's division resolution.

The debts of the Company prior to the division shall be assumed jointly and severally by the companies arising from the division, except for those which written agreement has been reached with the creditor in respect of repayment of the debts prior to the division.

**Article 257** The Company shall, in accordance with law, apply for change to its registered particulars with the company registration authority where a change to any item in its registered particulars arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **Section 2 Dissolution and Liquidation of the Company**

**Article 258** The Company shall be dissolved and liquidated in accordance with law upon occurrence of any one of the following circumstances:

- (1) dissolution by resolution of the shareholders' general meeting;
- (2) dissolution due to merger or division of the Company;
- (3) the Company is declared to be bankrupt in accordance with the laws due to inability to repay debts due;
- (4) the Company is ordered to close by sanction in accordance with law due to violation of the PRC laws, administrative regulations and regulatory requirements.

The dissolution of the Company shall be approved by the CIRC. A liquidation team shall be formed to carry out the liquidation of the Company. The liquidation work shall be supervised by the CIRC.

**Article 259** Where the Company is dissolved in accordance with paragraph (1) of the preceding Article, a liquidation team shall be formed within 15 days upon approval from the competent authority, and its members shall be determined by shareholders at a shareholders' general meeting by way of an ordinary resolution.

Where the Company is dissolved as a result of paragraph (2) of the preceding Article, the liquidation shall be carried out by parties to the merger or the division pursuant to the contracts or agreements signed at the time of such merger or division.

Where the Company is dissolved as a result of paragraph (3) of the preceding Article, the People's Court shall, in accordance with stipulations of relevant laws, make arrangements for shareholders, the relevant institutions and the relevant professionals to form a liquidation team to carry out liquidation.

Where the Company is dissolved as a result of paragraph (4) of the preceding Article, the competent authority shall make arrangements for shareholders, the relevant institutions and the relevant professionals to form a liquidation team to carry out liquidation.

**Article 260** Where the Board proposes to liquidate the Company due to causes other than where the Company has declared its insolvency, the Board 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 is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

The functions and power of the Board of the Company shall be immediately terminated after the resolution on dissolution is passed at the shareholders' general meeting.

The liquidation team 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 receipts and payments, 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 261** The liquidation team shall notify creditors within 10 days from the date of its establishment and make announcement for at least three times in newspapers designated by the CIRC within 60 days after that date.

Creditors should, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement being first published, declare their claims to the liquidation team. When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation team shall register the claims.

During the period of registration of creditors' rights, the liquidation team shall not repay the debt to creditors.

**Article 262** During the liquidation period, the liquidation team shall exercise the following functions and powers:

- (1) to check up the Company's assets and to prepare a balance sheet and an inventory of the assets;
- (2) to notify creditors through notice or public announcement;
- (3) to deal with the Company's outstanding businesses related to liquidation;
- (4) to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- (5) to claim credits and pay off debts;

- (6) to handle the Company's remaining assets after its debts have been paid off;
- (7) to represent the Company in civil lawsuits.

**Article 263** The liquidation team shall carry out liquidation and perform its obligation of liquidation in accordance with the Company Law, the Insurance Law and other PRC laws, administrative regulations and regulatory requirements. Members of the liquidation team shall, in accordance with law, be liable for the losses of the Company or the creditors made due to their willful or gross negligence.

**Article 264** Upon checking up of the Company's assets and preparation of the balance sheet and an inventory of assets, the liquidation team shall draw up a liquidation plan to be submitted to the shareholders' general meeting or the People's Court for confirmation. Where the property of the Company is sufficient to repay the Company's debts, such debts shall be repaid in accordance with stipulations of the PRC laws, administrative regulations and regulatory requirements.

The remaining property of the Company after the property is applied to repayment as stipulated in the preceding Article shall be distributed based on the class and the proportion of the shares held. During the liquidation period, the Company shall not carry out any business activities irrelevant to the liquidation.

**Article 265** If the liquidation team, after checking up of the Company's assets and the preparation of the balance sheet and an inventory of assets, finds that the Company's assets are insufficient to repay its debts, it shall, upon approval of the CIRC, 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 team shall transfer the liquidation matters to the People's Court.

**Article 266** Following the completion of liquidation, the liquidation team shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by the PRC certified public accountants and then submitted to the shareholders' general meeting, the CIRC or the People's Court for confirmation.

The liquidation team shall submit the aforesaid documents to the company registration authority, apply for cancellation of company registration, and announce the termination of the Company within 30 days after confirmation is obtained from the shareholders' general meeting or relevant competent authorities. Where the Company terminates its business activities in accordance with law, its insurance business operation permit shall be revoked.

## Chapter 15 Notice and Announcement

**Article 267** A notice of the Company shall be sent in writing by the following means or by such other means as stipulated by the PRC laws, administrative regulations, regulatory requirements and the Articles of Association:

- (1) by hand;
- (2) by mail or email;
- (3) by fax;
- (4) by way of an announcement made in the newspapers or other designated media;
- (5) by posting on the website of the Company and a website designated by the securities regulatory authority and the stock exchange in the place where the Company's shares are listed, subject to compliance with law, administrative regulations, regulatory requirements and the rules of the securities regulatory authority and the stock exchange in the place where the Company's shares are listed;
- (6) such ways as the Company and the notified party agreed in advance or any other way which is recognised by the notified party upon receipt of the notice; and
- (7) other ways which are recognised by the securities regulatory authority and the stock exchange of the place where the Company's shares are listed or stipulated in the Articles of Association.

Notwithstanding anything in the Articles of Association on the form in which any documents, notices or other communications are to be released or given, subject to compliance with the relevant provisions of the securities regulatory authority and the stock exchange of the place where the Company's shares are listed, the Company may elect to release corporate communication in the way stipulated in Item (5) of the first clause of this Article as a substitute for a written document delivered by hand or by prepaid mail. The "corporate communication" mentioned above refers to any documents sent or to be sent by the Company for the reference or action of the shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), Board of Directors' reports (together with balance sheets and income statements), and notices, circulars and other communications of shareholders' general meetings.

**Article 268** Where a notice is delivered by hand, the recipient shall acknowledge receipt by signing or sealing the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the service date. Where a notice is sent by mail, the 48th hour after the day of posting at the post office shall be the service day. Where a notice is given by e-mail, the date on which the e-mail enters the recipient's mailbox shall be the service day. Where a notice is given by fax, the date of sending the fax shall be the service day. Where a notice is given by way of an announcement, the date on which the announcement is first published shall be the service date. Where an announcement is published in a newspaper which meets the relevant requirements, all persons concerned shall be deemed to have received the notice once the announcement is published.

It shall be in accordance with those otherwise required by the securities regulatory authority or the stock exchange of the place where the Company's shares are listed.

**Article 269** Where the Company is required by the securities regulatory authority or the stock exchange of the place where the Company's shares are listed to deliver, mail, distribute, issue, publish or by other means to provide a document both in English and Chinese, if the Company has made appropriate arrangements to determine whether its shareholders desire to receive the English version only or the Chinese version only, and to the extent permitted by applicable laws, administrative regulations, regulatory requirements and in accordance with applicable laws, administrative regulations and regulatory requirements, the Company may deliver only the English version or only the Chinese version to the shareholders (according to their preferences specified).

**Article 270** The Company designates China Insurance News or other newspaper recognised by the regulatory authority as the media for publishing the Company's announcements and information disclosure.

**Article 271** If a notice of meeting is accidentally omitted to be sent to a person who is entitled to receive such notice or if such person has not received such notice of meeting, the meeting and any resolutions made therein shall not become void thereby.

## **Chapter 16 Procedures for the Amendments to the Company's Articles of Association**

**Article 272** The Company may amend the Articles of Association as required by law, administrative regulations, regulatory requirements and the Articles of Association.

The Company shall amend the Articles of Association in any of the following circumstances:

- (1) after the revision of the Company Law, the Insurance Law or applicable PRC laws, administrative regulations and regulatory requirements, provisions contained in the Articles of Association conflict with the revised PRC laws, administrative regulations and regulatory requirements;
- (2) changes in the state of the Company result in discrepancies between the actual status and those stated in the Articles of Association;
- (3) revision of the Articles of Association as decided by the shareholders' general meeting.

**Article 273** The amendments to the Articles of Association as approved at shareholders' general meeting shall be reported to and approved by relevant regulatory authorities. Any registration by the Company for such amendments in accordance with law shall be so registered.

## **Chapter 17 Dispute Resolution**

**Article 274** The Company shall act according to following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas listed shares and the Company, holders of the overseas listed shares and the Company's directors, supervisors, president or senior management officer, holders of the overseas listed shares and holders of domestic shares, based on any rights or obligations required by the Articles of Association, the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights mentioned above is referred to arbitration, it should cover all the claims of rights or the overall dispute. Any person who has a cause of action resulting from the same issue or whose participation is necessary for the resolution of such dispute or claim of rights, if such person is the Company or our shareholder, director, supervisor, president or senior management officer, such person shall abide by the arbitration.



Disputes in relation to the definition of shareholders and share registers need not be referred to arbitration.

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

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party may apply for a hearing to take place in Shenzhen in accordance with the requirements of the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) If disputes or claims of rights as stated in paragraph (1) are referred to arbitration, the law of the People's Republic of China shall apply, save as otherwise provided in law and administrative regulations.
- (4) The award of an arbitration body shall be conclusive and binding on all parties.

## **Chapter 18 Supplemental Provisions**

### **Article 275** Definitions:

- (1) The term "controlling shareholder" means a person who satisfies any one of the following conditions:
  1. a person who, acting alone or in concert with others, has the right to elect half or more of the directors;
  2. a person who, acting alone or in concert with others, has the right to exercise or control the exercise of 30% or more of the voting rights of the Company;
  3. a person who, acting alone or in concert with others, holds 30% or more of the issued shares of the Company;
  4. a person who, acting alone or in concert with others, can de facto control the Company in any other manners.

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

- (2) De facto controller means the person who is not the shareholder of the Company, but could control the activities of the Company actually through investment, agreement or other arrangements.
- (3) Affiliated relation means the relation between the controlling shareholder of the Company, de facto controller, directors, supervisors, senior management officers and the enterprise that they control directly or indirectly, and other relations that may cause the transfer of interest of the Company. However, the relation between fellow state-controlled enterprises shall not be deemed as affiliated relation merely because they are both controlled by the State.
- (4) For the purpose of the Articles of Association, the approval authority for the Company investment, asset purchase, asset disposal and write-off, external donation and external guarantees shall be determined pursuant to the Company’s relevant authorisation plans. External guarantees shall not include maritime guarantee business.
- (5) For the purpose of the Articles of Association, the word “accountant” shall have the same meaning as the “auditor”. For the purpose of the Articles of Association, the word “related” shall have the same meaning as that of “connected” mentioned in the Hong Kong Listing Rules.
- (6) For the purpose of the Articles of Association, the “principal operating subsidiaries” refers to China Property & Casualty Reinsurance Company Ltd., China Life Reinsurance Company Ltd., China Continent Property & Casualty Insurance Company Ltd. and China Re Asset Management Company Ltd.
- (7) Unless otherwise required herein, the reference to any clause means the respective clause in the Articles of Association.
- (8) For the purpose of the Articles of Association, the “regulatory requirements” include regulations and normative documents; while the “stock exchange” refers to the stock exchange on which the Company’s shares are listed.

**Article 276** The Articles of Association are written in Chinese, and the Chinese version of the Articles of Association which has been approved by the CIRC and registered with the State Administration for Industry and Commerce shall prevail in case of any difference between the Chinese version and versions in other languages.

**Article 277** The Company's external guarantees shall strictly comply with the CIRC requirements, and shall not carry out guarantee activities prohibited by the CIRC.

**Article 278** The phrases "more than", "within", "at least" and "before" herein for the numbers shall include the numbers indicated themselves, while the phrases "more than half", "exceed", "fall short", and "lower than" shall exclude the numbers indicated themselves.

**Article 279** The power of interpretation of the Articles of Association shall be vested in the Board of Directors of the Company.

**Article 280** The Articles of Association is adopted by the shareholders' general meeting and approved by the CIRC, and takes effect from the date of the Company's H shares issued in the initial public offering are listed and traded on the Hong Kong Stock Exchange.