

PICC PROPERTY AND CASUALTY COMPANY LIMITED

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

ARTICLES OF ASSOCIATION

Record of the Approvals for the Articles of Association and the Approvals for the Amendments to the Articles of Association:

23 June 2003, CIRC approved (Bao Jian Fu [2003]110)

6 July 2003, passed at the inaugural meeting and the first shareholders' general meeting of the Company

30 July 2003, the first amendments at the first special general meeting of the Company in 2003

18 August 2003, CIRC approved (Bao Jian Fu [2003]145)

15 June 2004, the second amendments at the annual general meeting of the Company for 2003

26 August 2004, CIRC approved (Bao Jian Fa Gai [2004]1377)

23 June 2006, the third amendments at the annual general meeting of the Company for 2005

18 October 2006, the fourth amendments at the third special general meeting of the Company in 2006

4 January 2007, CIRC approved (Bao Jian Fa Gai [2007]2)

25 June 2010, the fifth amendments at the annual general meeting of the Company for 2009

27 September 2010, CIRC approved (Bao Jian Fa Gai [2010]1169)

24 June 2011, the sixth amendments authorised by the annual general meeting of the Company for 2010

20 February 2012, CIRC approved (Bao Jian Fa Gai [2012]174)

26 June 2012, the seventh amendments authorised by the annual general meeting of the Company for 2011

29 June 2013, the eighth amendments at the annual general meeting of the Company for 2012

5 August 2013, CIRC approved (Bao Jian Xu Ke [2013]173)

27 June 2014, the ninth amendments authorised by the annual general meeting of the Company for 2013

27 January 2015, CIRC approved (Bao Jian Xu Ke [2015]101)

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PICC Property and Casualty Company Limited

Articles of Association

Chapter One: General Provisions

Article 1: PICC Property and Casualty Company Limited (the “Company”) is a joint stock company limited by shares established in accordance with the Company Law of the People’s Republic of China (“PRC”) (“Company Law”), Insurance Law of the PRC (“Insurance Law”), the Special Regulations of the State Council concerning the Floating and Listing of Shares Overseas by Companies Limited by Shares (“Special Regulations”), State laws, administrative regulations and other relevant regulations.

Following approval by the China Insurance Regulatory Commission (the “CIRC”) in document Bao Jian Fu [2003]110, the Company was established on 6 July 2003 through the promoted method, registered with the State Administration for Industry and Commerce on 7 July 2003, and has obtained a business license. The number of the Company’s business license is 100000000038007.

The promoter of the Company is: PICC Holding Company.

PICC Holding Company was formerly known as The People’s Insurance Company of China. The People’s Insurance Company of China was renamed as PICC Holding Company with the approval of the CIRC (Bao Jian Fu [2003]120), and the registration of such change was completed with the State Administration for Industry and Commerce on 11 July 2003. PICC Holding Company officially regained the name of The People’s Insurance Company (Group) of China and completed the registration of change with the State Administration for Industry and Commerce on 23 May 2007. The People’s Insurance Company (Group) of China, with the approval of the CIRC for its group restructuring on 27 September 2009, was officially renamed as The People’s Insurance Company (Group) of China Limited according to the Notice of Approval for the Change of Registration issued by the State Administration for Industry and Commerce on 28 September 2009.

The Company’s promotor and its shareholding at the time of the establishment of the Company are as follows:

<u>Full name of promoter</u>	<u>Number of shares subscribed by promoter</u>	<u>Shareholding percentage</u>
PICC Holding Company (now known as The People’s Insurance Company (Group) of China Limited)	8 billion	100%

Article 2: Registered name of the Company:

Chinese: 中国人民财产保险股份有限公司

Abbreviation: 人保财险

English: PICC Property and Casualty Company Limited

Abbreviation: PICC P&C

Article 3: The address of the Company: Tower 2, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing

Postal Code: 100022

Telephone: (010) 63156688

Facsimile: (010) 85176028

Article 4: The legal representative of the Company shall be the chairman of its board of directors.

The legal representative shall represent the Company externally, and shall exercise the following functions and powers:

- (i) to sign contracts on behalf of the Company;
- (ii) to take legal proceedings on behalf of the Company;
- (iii) to attend on behalf of the Company the shareholders' general meetings of any other companies in which the Company has equity participation or controlling stake;
- (iv) to authorise other personnel of the Company to exercise the relevant functions and powers of the legal representative;
- (v) to exercise other functions and powers granted under the laws, administrative regulations and regulatory requirements of the State.

In the event of any failure or inability of the legal representative to perform his functions and powers, a director jointly nominated by one-half or more of the directors shall perform the functions and powers of the legal representative on a temporary basis.

Article 5: The Company is a perpetual joint stock limited company.

The shareholders' liabilities to the Company shall be limited to the amount of the shares that they have subscribed for and the Company assumes liabilities for its debts to the extent of its entire assets.

The Company is an enterprise legal person, which has independent legal person property, enjoys the property right of the legal person and is governed and protected by laws and administrative regulations of the PRC.

Article 6: The Articles of Association shall be a legally binding document that regulates the organisation and the 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.

Article 7: The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president. Each of such individuals may make any claims in relation to the Company's affairs under the Articles of Association.

To the extent of not violating Chapter 24 of the Articles of Association, under the Articles of Association, a shareholder may bring an action against the Company, the Company may bring an action against a shareholder, a shareholder may bring an action against another shareholder, and a shareholder may bring an action against any of the Company's directors, supervisors, president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president.

The action referred to in the preceding paragraph includes a lawsuit brought with a court of law or an application for arbitration made with an arbitral institution.

References to senior management personnel in the Articles of Association are to the directors, supervisors, president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president.

Chapter Two: Purpose and Scope of Business

Article 8: The business objective of the Company is to maximise the value of the Company and the interests of its shareholders through market-oriented and customer-centred business operations, carried out in a lawful and faithful way.

Article 9: Subject to the approval of the CIRC and verification by the State Administration for Industry and Commerce, the business scope of the Company shall be: RMB and foreign-denominated insurance businesses, including property loss and damage insurance, liability insurance, credit and guarantee insurance, accidental injury insurance, short-term health insurance and surety insurance; reinsurance business relating to the above insurance businesses; service and consulting business in relation to various property insurance, accidental injury insurance, short-term health insurance and the reinsurance of such insurances; business relating to acting as an agent for other insurance institutions; investment and use of funds as permitted by PRC laws and regulations; other businesses as approved by State laws, regulations or the State insurance regulatory authority.

The Company can invest in other limited liability companies and joint stock limited companies and the Company's liability to the investee companies is limited to the amount invested. In case where the management and operation of the Company requires, the aggregate investment amount of the Company in other limited liability companies and joint stock limited companies may exceed 50% of the net asset value of the Company (excluding the amount of capital converted from profits of the investee company after the investment), provided that such investment has been approved by the company examination and approval department authorised by the State Council.

Chapter Three: Shares and Registered Capital

Article 10: The Company shall have ordinary shares at all times. The issued ordinary shares of the Company include domestic shares and foreign shares. Subject to approval by the company examination and approval department authorised by the State Council, the Company may, in accordance with its requirements, issue other classes of shares.

Article 11: All the shares issued by the Company shall have a nominal value which shall be RMB 1 for each share.

For the purposes of the preceding paragraph, the term "RMB" shall refer to Renminbi yuan, the lawful currency of the PRC.

Article 12: Subject to approval from the State securities regulatory authority, the Company may issue shares to domestic investors inside the PRC and to overseas investors outside the PRC.

For the purposes of the preceding paragraph, the term "overseas investors" shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and the term "domestic investors" shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 13: Shares issued by the Company to domestic investors and to be subscribed for in RMB shall be referred to as "domestic shares". Shares issued by the Company to overseas investors and to be subscribed for in foreign currencies shall be referred to as "foreign shares". Foreign shares listed outside the PRC shall be referred to as "overseas listed foreign invested shares". Holders of domestic shares and overseas listed foreign invested shares are both ordinary shareholders and have the same obligations and rights.

For the purposes of the preceding paragraph, the term "foreign currencies" shall refer to legal currencies of other countries or territories other than RMB and which have been approved by the State foreign exchange regulatory department as the currencies to be used to pay for shares of the Company.

Article 14: Foreign invested shares issued by the Company and listed in Hong Kong shall be referred to as "H Shares". H Shares are shares that have been approved for listing by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") whereby the nominal value of the shares is dominated in RMB and the shares are subscribed for and traded in Hong Kong dollars.

Article 15: Following approval by the company examination and approval department authorised by the State Council, the total amount of ordinary shares that the Company may issue was 13,538,440,000 shares. Pursuant to the Reorganisation Agreement entered into between the Company and PICC Holding Company, the reorganisation came into effect on 30 September 2002. PICC Holding Company injected all of its commercial insurance businesses together with related assets and liabilities (the "Related Assets") into the Company by way of capital contribution. In consideration for the injection of the Related Assets, the Company issued 8,000,000,000 shares (all being domestic shares) to PICC Holding Company on 7 July 2003, representing 59.1% of the total number of ordinary shares that may be issued by the Company.

Article 16: Upon completion of the initial public offering of the Company and the exercise of the over-allotment option, the total share capital of the Company consists of 11,141,800,000 ordinary shares. After completion of the three domestic and H share rights issues, the total share capital of the Company consists of 14,828,510,202 ordinary shares, of which 10,228,980,980 ordinary shares are domestic shares which are held by The People's Insurance Company (Group) of China Limited and 4,599,529,222 ordinary shares are held by the holders of the overseas listed foreign invested shares (H Shares), representing 69% and 31% of the total share capital, respectively.

The Company's shareholding structure is as follows:

Type of shares	Name of shareholders	Number of shares held	Shareholding percentage	Lock-up period
Domestic shares	The People's Insurance Company (Group) of China Limited	10,228,980,980	69%	none
H Shares	American International Group, Inc.	1,468,022,240	9.9%	2003.11.06 to 2008.11.05 (the 1,103,038,000 shares upon completion of the initial public offering of the Company and the

				exercise of the over-allotment option)
H Shares	Other holders of H Shares	3,131,506,982	21.1%	none
	Total	<u>14,828,510,202</u>	<u>100%</u>	

Upon transfer of the shares held by The People's Insurance Company (Group) of China Limited in accordance with the Company Law, other laws and regulations and the Articles of Association, the board of directors of the Company shall amend the preceding paragraphs accordingly.

Article 17: After the Company's plan for issuing overseas listed foreign invested shares and domestic shares has been approved by the State securities regulatory authority, the board of directors may implement arrangements to make separate issues.

The Company's plan for separate issues of overseas listed foreign invested shares and domestic shares in accordance with the preceding paragraph may be implemented separately within fifteen (15) months from the date the issue plan is approved by the State securities regulatory authority.

Article 18: Where the Company issues overseas listed foreign invested shares and domestic shares separately within the total number of shares specified in the issue plan, every such issue shall be fully subscribed at one time. Where special circumstances make it impossible for every such issue to be fully subscribed for at one time, the shares may be issued in several stages, subject to the approval of the State securities regulatory authority.

Article 19: The registered capital of the Company is RMB14,828,510,202. After the Company issues new shares, the registered capital of the Company will be adjusted in accordance with the actual amount of shares issued. The Company shall register with the State Administration for Industry and Commerce the amount of its registered capital and send the document to the CIRC and the State securities regulatory authority for record keeping.

Article 20: The Company may, in accordance with its business and development requirements, increase its capital with approval as stipulated in the Articles of Association.

Any increase in the registered capital of the Company must be approved by the CIRC.

The Company may increase its registered capital by the following methods:

- (i) offer of new shares to non-specific investors;
- (ii) rights issue to existing shareholders;
- (iii) allotment of new shares to existing shareholders;
- (iv) other methods permitted by laws and administrative regulations.

The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

Article 21: Except otherwise provided by laws and administrative regulations, shares in the Company may be transferred freely and shall have no liens attached.

Chapter Four: Reduction of Capital and Repurchase of Shares

Article 22: The Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

Any reduction in the registered capital of the Company must be approved by the CIRC.

Article 23: When the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days of adopting a resolution to reduce its registered capital and shall publish a public announcement of the resolution in the press at least three (3) times within thirty (30) days of the said date. Creditors shall, within thirty (30) days of receiving a written notice or within ninety (90) days of the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum.

Article 24: The Company may, in the following circumstances, repurchase its own issued shares in accordance with the procedures stipulated in the Articles of Association, and following approval by the relevant State department in charge:

- (i) cancellation of shares in order to reduce its capital;
- (ii) merger with another company holding shares in the Company;
- (iii) other circumstances where laws and administrative regulations so permit.

Articles 25 to 28 shall apply to repurchases by the Company of its own issued shares.

Article 25: Subject to approval by relevant State department in charge, the following methods may be adopted by the Company to repurchase its shares:

- (i) repurchasing shares from all shareholders on a pro-rata basis;
- (ii) repurchasing shares through open transactions on the stock exchange;
- (iii) repurchasing shares by an off-market agreement.

Article 26: When the Company is to repurchase its shares by an agreement outside the stock exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the procedures prescribed by the Articles of Association. Upon obtaining the prior approval of the shareholders' general meeting, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the repurchase of shares shall include (but not limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not assign contracts for the repurchase of its own shares or any of its rights thereunder.

Article 27: After the Company has repurchased its shares according to the law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations, and shall apply to the original registration authority for registration of the change in registered capital.

The amount of the Company's registered capital shall be reduced by the total nominal value of the shares cancelled.

Article 28: Unless the Company has already entered the liquidation stage, it must comply with the following provisions in repurchasing its issued shares:

- (i) where the Company repurchases shares at their nominal value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares;
- (ii) where the Company repurchase shares at a price higher than their nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares; the portion in excess of the nominal value shall be handled according to the following methods:
 - (1) where the shares repurchased were issued at their nominal value, the amount shall be deducted from the book balance of distributable profit;
 - (2) where the shares repurchased were issued at a price higher than their nominal value, the amount shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's share premium account (or capital common reserve account) (including the premiums from the fresh share issue) at the time of repurchase;
- (iii) the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
 - (1) acquisition of the right to repurchase its own shares;
 - (2) modification of any contract for repurchase of its own shares;
 - (3) release from any of its obligations under any contract relating to the repurchase of the Company's shares;
- (iv) After the nominal value of the annulled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to repurchase shares at the nominal value of the repurchased shares shall be included in the Company's share premium account (or capital common reserve account).

Chapter Five: Financial Assistance for the Purchase of Company Shares

Article 29: The Company or its subsidiaries shall not, at any time, provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not, at any time, provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 31 of this Chapter.

Article 30: For the purposes of this Chapter, this term "financial assistance" shall include (but not limited to) the financial assistance in the forms set out below:

- (i) gift;
- (ii) guarantee (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of the obligation by the obligator), indemnity (not including, however, indemnity arising from the Company's own fault) and release or waiver of rights;
- (iii) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract;
- (iv) financial assistance in any other form when the Company is insolvent or has no net assets, or when such assistance would lead to a major reduction in the Company's net assets.

For the purposes of this Chapter, the term "undertake obligations" shall include the undertaking of an obligation by the obligator by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligator individually or jointly with any other person) or by changing its financial position in any other way.

Article 31: The acts listed below shall not be regarded as acts prohibited under Article 29 of this Chapter:

- (i) where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (ii) lawful distribution of the Company's property in the form of dividends;
- (iii) distribution of dividends in the form of shares;
- (iv) reduction of registered capital, repurchase of shares, shareholding structuring, etc. in accordance with the Articles of Association;
- (v) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits);
- (vi) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the

same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

Chapter Six: Share Certificates and Register of Shareholders

Article 32: The Company's shares shall be in registered form.

The share certificates of the Company must set out the following main particulars:

- (i) the name of the Company;
- (ii) the date of incorporation of the Company;
- (iii) the class of share, its face value and the number of shares represented;
- (iv) the serial number of the share certificate;
- (v) other particulars as required to be specified under the laws and regulations of the State and by the stock exchange on which the shares of the Company are listed.

Article 33: Shares of the Company can be transferred, granted, succeeded and pledged in accordance with laws, administrative regulations and the Articles of Association.

Transfer and assignment of shares shall be registered with the share registrar appointed by the Company.

Article 34: The share certificates shall be signed by the chairman of the board of directors. Where the signatures of the other member(s) of senior management are required by the stock exchange on which the shares of the Company are listed, the share certificates shall also be signed by such other member(s) of senior management. The share certificates shall become effective after the Company seal is affixed thereto (which includes the Company's securities seal). The stamping of the Company seal or the Company's securities seal shall be authorised by the board of directors. The signature of the chairman of the board of directors or other member(s) of senior management on the share certificates may also be in printed form.

Article 35: The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

- (i) the name, address (residence), profession or nature of each shareholder;
- (ii) the class and number of shares held by each shareholder;
- (iii) the amount paid or payable for the shares held by each shareholder;
- (iv) the serial number of the shares held by each shareholder;
- (v) the date on which each shareholder is registered as a shareholder;
- (vi) the date on which each shareholder ceases to be a shareholder.

Save as proved to be the contrary, the register of shareholders shall be sufficient evidence to prove that a shareholder holds the shares of the Company.

Article 36: The Company may, pursuant to an understanding or agreement reached between the State securities regulatory authority and an overseas securities commission, keep its register of shareholders of overseas listed foreign invested shares outside the PRC, and entrust the administration thereof to an agent outside the PRC. The register of shareholders of overseas listed foreign invested shares that are listed in Hong Kong shall be located in Hong Kong.

The Company shall keep a duplicate of the register of shareholders of overseas listed foreign invested shares at its address. The appointed agent outside the PRC shall ensure that the register of shareholders of overseas listed foreign invested shares and its duplicate are consistent at all times.

When the original and duplicate of the register of shareholders of overseas listed foreign invested shares are inconsistent, the original shall prevail.

Article 37: The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (i) registers of shareholders kept at the Company's address other than those provided for under sub-paragraphs (ii) and (iii) of this paragraph;
- (ii) the register of shareholders of overseas listed foreign invested shares kept in the location of the stock exchange outside the PRC on which the shares of the Company are listed;
- (iii) registers of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

Article 38: The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

All fully paid-up overseas listed foreign invested shares listed in Hong Kong may be freely transferred in accordance with the Articles of Association. However, unless the following requirements are met, the board of directors may refuse to recognise any instrument of transfer without giving grounds of such refusal:

- (i) HK\$2.50 transfer fee (per each instrument of transfer) is paid to the Company, or a higher fee agreed by the Hong Kong Stock Exchange, for the registration of the transfer of shares and other documents relating to or affecting ownership;
- (ii) the instrument of transfer only concerns overseas listed foreign invested shares listed in Hong Kong;
- (iii) the stamp duty on the transfer document is fully paid;
- (iv) the share certificate and other evidence that the board of directors may reasonably require to prove that the transferor has the right to transfer the shares has been submitted;
- (v) if the shares are intended to be transferred to joint shareholders, the number of joint shareholders shall not exceed four (4);
- (vi) there is no lien on the shares being transferred.

Directors, supervisors, the president and other members of senior management shall report the shares that they hold and the changes thereof to the Company. During the term of office, the shares to be transferred by any of them in each year shall not exceed 25% of his total shareholding in the Company, and the shares of the Company held by the aforesaid persons are not transferable within one (1) year commencing from the listing date of the stocks of the Company. Where any of the aforesaid persons ceases to hold such positions, he shall not transfer his shareholding in the Company within a half year after cessation.

Overseas listed foreign invested share of the Company listed in Hong Kong may be transferred by a written instrument of transfer, the form of which shall be consistent with ordinary or normal practice, or is acceptable to the board of directors. The instrument of transfer may be signed under hand; if the transferor or transferee is a company, be executed by affixing the company seal; if the transferor or transferee is a recognised clearing house or its proxy, as defined in the relevant laws or regulations of the place where the shares of the Company are listed, be signed under hand or executed using machine imprinted signatures. All instruments of transfers shall be kept at the legal address of the Company or such other address as designated by the board of directors from time to time.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

Article 39: No changes resulting from share transfers may be made to the register of shareholders within thirty (30) days prior to a shareholders' general meeting or five (5) days prior to the date set by the Company for the purpose of distribution of dividends. However, if the law provides otherwise in relation to changes to be made to the register of shareholders of listed companies, the requirements under the law shall prevail.

Article 40: When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated or to carry out other acts requiring confirming of equity interests, the board of directors shall decide a date for the determination of equity interests. Shareholders whose names appear on the register of shareholders at the end of that day shall be the shareholders of the Company.

Article 41: Any person that challenges the register of shareholders or requires his name to be entered into or removed from the register may apply to the court having jurisdiction to amend the register of shareholders.

Article 42: If a shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders loses his share certificate ("Original Share Certificate"), he may apply to the Company for the issuance of a replacement certificate in respect of such shares ("Relevant Shares").

Applications for the replacement of share certificates from holders of domestic shares who have lost their certificates shall be dealt with in accordance with Article 144 of the Company Law.

Applications for the replacement of share certificates from holders of overseas listed foreign invested shares who have lost their certificates may be dealt with in accordance with laws, stock exchange regulations and other relevant regulations of the place where the original register of shareholders of overseas listed foreign invested shares is kept.

Where a holder of H Shares loses his Original Share Certificate and wishes to apply for a replacement of his share certificate, such replacement shall comply with the following requirements:

- (i) The applicant shall submit an application in the form prescribed by the Company, accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances regarding, and proof of, the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares.
- (ii) The Company shall not have received any declaration requiring registration as a shareholder in respect of the Relevant Shares from any person other than the applicant before it decides to issue a replacement share certificate.
- (iii) If the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement in the newspapers or periodicals designated by the board of directors; the period of the public announcement shall be ninety (90) days, during which such announcement shall be published repeatedly at least once every thirty (30) days.
- (iv) Before publishing the public announcement, the Company shall submit a copy of the proposed public announcement to the stock exchange where its shares are listed and may proceed with publication after receipt of a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The Company shall display the public announcement in the stock exchange for a period of ninety (90) days.

If the application for issuance of a replacement share certificate was made without the consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish.

- (v) At the expiration of the ninety (90) day period provided for in sub-paragraphs (iii) and (iv) above, if the Company has not received any objection to the issuance of a replacement share certificate, it may issue a replacement share certificate to the applicant in accordance with his application.
- (vi) When the Company issues a replacement share certificate under this Article, it shall immediately cancel the Original Share Certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.
- (vii) All expenses of the Company for the cancellation of the Original Share Certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security for such expenses.
- (viii) The publication of a public announcement in sub-paragraph (iii) above shall be made in at least one (1) Chinese newspaper and one (1) English newspaper in Hong Kong.

Article 43: After the Company has issued a replacement share certificate in accordance with the Articles of Association, a bona fide purchaser of the replacement share certificate or a shareholder that is subsequently registered as the owner of the shares (provided that he is a bona fide purchaser) shall not be permitted to have its name deleted from the register of shareholders.

Article 44: The Company shall not be liable for any damages suffered by any person from the cancellation of the Original Share Certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

Chapter Seven: Rights and Obligations of Shareholders

Article 45: Shareholders of the Company are persons who legally hold shares of the Company and whose names appear on the Company's register of shareholders.

Shareholders shall enjoy rights and bear obligations according to the class and proportion of the shares held by them. Shareholders who hold shares of the same class shall enjoy the same rights and bear the same obligations.

Where two (2) or more persons are registered as joint holders of any shares, they shall be deemed as joint owners of the related shares and shall be subject to the following restrictions:

- (i) the Company may refuse to register more than four (4) persons as joint holders of any shares;
- (ii) all joint holders of any shares shall jointly and severally be responsible for the subscription monies due for the shares;
- (iii) if one of the joint holders of the shares is deceased, the remaining joint holders shall be deemed by the Company to be the owner of the relevant shares. However, the board of directors is entitled to request for the relevant death certificate for the purpose of making changes to the register of shareholders;
- (iv) for joint shareholders, only the first-named shareholder in the register of shareholders has the right to receive the relevant share certificates, receive notices of the Company, attend shareholders' general meetings and exercise the voting rights of the relevant shares. Any notice delivered to the said shareholder shall be deemed as if the notice had been delivered to all of the joint holders of the relevant shares.

Article 46: The ordinary shareholders of the Company shall enjoy the following rights:

- (i) the right to dividends and other distributions in proportion to the number of shares held;
- (ii) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote at each meeting;
- (iii) the right of supervisory management over the Company's business operations, and the right to present proposals or raise inquiries accordingly;
- (iv) the right to transfer shares in accordance with laws, administrative regulations and the provisions of the Articles of Association;
- (v) the right 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;
 - (2) the right to inspect and copy, subject to payment of a reasonable charge. Provided that the contents requested for inspection and copying involve commercial secrets and price sensitive information of the Company, the Company can refuse to provide the relevant contents and information, and should give sufficient and reasonable explanation:
 - A. all parts of the register of shareholders;

- B. personal particulars of each of the Company's directors, supervisors, the president and other members of senior management, including:
 - (a) present and former names and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and duties;
 - (e) identification documentation and numbers.
 - C. the Company's share capital position;
 - D. reports showing the aggregate nominal value and quantity of each class of shares repurchased by the Company since the end of the last accounting year, the highest and lowest buying prices for such shares, and the aggregate amount incurred by the Company for such purpose;
 - E. counterfoil of corporate bonds;
 - F. minutes of shareholders' general meetings, resolutions of the board of directors, resolutions of the supervisory committee and financial reports.
- (vi) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
 - (vii) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 47: The ordinary shareholders of the Company shall assume the following obligations:

- (i) to abide by the Articles of Association;
- (ii) to pay subscription monies according to the number of shares subscribed for and the method of subscription;
- (iii) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

Article 48: In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which the shares of the Company are listed, a controlling shareholder shall not, when exercising his voting rights as a shareholder, cause any decision so to be made in the following respects which are prejudicial to the interest of the shareholders generally or to some of the shareholders of the Company:

- (i) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (ii) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (iii) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation)

rights to distributions and voting rights, save pursuant to a restructuring submitted for approval by a shareholders' general meeting in accordance with the Articles of Association.

Article 49: The controlling shareholders of the Company shall not, in the exercise of their voting rights, make decisions prejudicial to the legal rights and interests of the Company or other shareholders.

If the Company suffers loss as a result of the violation by the controlling shareholder of the requirements under the preceding paragraph, the controlling shareholder shall be liable to pay compensation.

Article 50: For the purpose of the Articles of Association, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- (i) he alone, or acting in concert with others, has the power to elect one-half or more of the directors;
- (ii) he alone, or acting in concert with others, has the power to exercise or to control the exercise of thirty (30) per cent. or more of the voting rights in the Company;
- (iii) he alone, or acting on concert with others, holds thirty (30) per cent. or more of the issued shares of the Company;
- (iv) he alone, or acting in concert with others, in any other manner has actual control of the Company;
- (v) he holds shares representing fifty (50) per cent. or more of the total equity capital amount of the Company, or in case where his shareholding is less than fifty (50) per cent., his shareholding confers on him voting rights that may significantly affect shareholders' resolutions.

Article 51: A controlling shareholder shall support the Company to promote reform of labour, personnel and distribution systems, transform operating and management mechanisms, and shall establish a system whereof "management personnel competing for jobs, being ready to accept a higher or lower post, enlisting employees according to their merits, being ready to accept employment or unemployment", a system of flexibility in the increase or decrease in remuneration, and other effective incentive systems.

Article 52: A controlling shareholder owes a fiduciary duty to the Company and other shareholders. A controlling shareholder shall exercise his rights as an investor in the Company in strict accordance with the law. A controlling shareholder shall not prejudice the lawful rights and interests of the Company or other shareholders by means such as an assets reorganisation or exploit his special status to seek extra profits.

In the event that the Company's solvency fails to meet the applicable regulatory requirements, the controlling shareholder shall support the Company in improving its solvency.

Article 53: A controlling shareholder shall strictly comply with the conditions and procedures provided in laws, administrative regulations and the Articles of Association in nominating candidates for the positions of directors and supervisors of the Company. The candidates nominated by a controlling shareholder for the positions of directors and supervisors of the Company shall have the relevant professional expertise, and the capacity to make decisions and to carry out supervisory tasks. No approval procedures shall be required by a controlling shareholder in respect of a resolution of the shareholders' general meeting relating to a personnel election or a board resolution relating to a personnel appointment. A controlling shareholder shall

not appoint or remove any member of senior management without proper authorisation from the shareholders' general meeting or the board of directors.

Article 54: Major decisions of the Company shall be made by the shareholders' general meeting and the board of directors in accordance with the law. A controlling shareholder shall not interfere, directly or indirectly, with the day-to-day business activities of the Company developed according to the law, nor shall it prejudice the rights and interests of the Company or other shareholders.

Article 55: The personnel, assets, finance, institution and business of a controlling shareholder shall be separate from and independent of that of the Company and the Company shall keep separate accounts and assume liability and risks independently of the controlling shareholder.

Article 56: The personnel of the Company shall be independent of the controlling shareholder. The Company's president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president shall not hold any operating or managerial position in the controlling shareholder. Any senior management personnel of the controlling shareholder who acts concurrently as a director of the Company shall ensure that he has adequate time and energy to work for the Company.

Article 57: Any assets contributed by a controlling shareholder in the Company shall be independent and in its entirety, and with ownership unencumbered. If a controlling shareholder contributes capital in the form of non-monetary assets, he shall complete the formalities required for the change in title and clearly define the scope of such assets. The Company shall register such assets separately, open a separate account therefor and carry out the accounting and management of such assets separately. A controlling shareholder shall not be allowed to use or dispose of such assets, or interfere with the Company's operation and management of such assets.

Article 58: The Company shall establish a sound financial and accounting management system and keep separate accounts in accordance with the requirements of relevant laws and administrative regulations. A controlling shareholder shall respect the Company's financial independence and shall not interfere with the Company's financial and accounting activities.

Article 59: The Company's business shall be fully independent of the controlling shareholder. A controlling shareholder shall not engage in any business which is identical or similar to that of the Company. A controlling shareholder shall take effective measures to avoid horizontal competition.

Article 60: In the event that a shareholder holding five (5) per cent. or more of the Company's voting shares shall pledge any of its shares, such shareholder shall report to the board of directors of the Company in writing on the same day when such event occurs.

In the event that shareholders each holding five (5) per cent. or more of the Company's shares shall enter into any connected transaction with one another, the shareholders involved in the transaction shall report to the board of directors of the Company in writing on the same day when such event occurs.

In the event that the shares of the Company held by any shareholder shall be involved in any litigation or arbitration, to the extent not violating the laws, administrative regulations, rules and the listing rules of the place where the Company is listed, the shareholder involved shall report to the board of directors of the Company in writing on the same day when such shareholder becomes aware of such event, and shall cooperate with the Company in discharging its information disclosure obligations.

Chapter Eight: Shareholders' General Meetings

Article 61: The shareholders' general meeting is the organ of authority of the Company, and shall exercise its powers in accordance with the law.

Article 62: The shareholders' general meeting shall exercise the following powers:

- (i) to decide on the Company's operational policies and long-term and medium-term investment plans;
- (ii) to elect or remove the directors and decide on matters relating to the remuneration of directors;
- (iii) to elect or remove the supervisors who are representatives of shareholders and decide on matters relating to the remuneration of supervisors;
- (iv) to examine and approve reports of the board of directors;
- (v) to examine and approve reports of the supervisory committee;
- (vi) to examine and approve the Company's proposed annual financial budgets and final accounts;
- (vii) to examine and approve the Company's plans for the distribution of profits and recovery of losses;
- (viii) to decide on any increase or reduction of the Company's registered capital;
- (ix) to decide on issues such as merger, division, change of company form, dissolution and liquidation of the Company and other matters;
- (x) to decide on the issue of bonds by the Company;
- (xi) to decide on the appointment, removal or non-reappointment of the Company's auditors;
- (xii) to amend the Articles of Association;
- (xiii) to examine proposals from shareholders representing three (3) per cent. or more of the Company's shares with voting rights;
- (xiv) to provide guarantee to a shareholder or a de facto controller of the Company;
- (xv) any other matters that have to be resolved by the shareholders' general meeting as required by laws, administrative regulations and the Articles of Association.

Where the Company acquires or sells material assets, or provides a guarantee the amount of which exceeds thirty (30) per cent. of its total assets within one (1) year, such acquisition, sale or guarantee must be approved by two-thirds or more of the voting rights of the shareholders present at the general meeting.

The shareholders' general meeting shall not delegate any of its statutory functions and powers to the board of directors or any other institutions or individuals.

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

Article 64: Shareholders' general meetings are classified into annual general meetings and special general meetings. Shareholders' general meetings shall be convened by the board of

directors. A shareholders' annual general meeting shall be convened once each year and within six (6) months from the end of the preceding accounting year.

The board of directors shall convene a shareholders' special general meeting within two (2) months after the occurrence of any of the following events:

- (i) when the number of directors is less than the number of directors required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;
- (ii) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (iii) when shareholder(s) individually or collectively holding ten (10) per cent. or more of the Company's issued shares carrying voting rights requests in writing the convening of a shareholders' special general meeting;
- (iv) when deemed necessary by the board of directors or as requested by the supervisory committee;
- (v) when two (2) or more independent directors request the convening of a shareholders' special general meeting.

Article 65: When the Company convenes a shareholders' general meeting, written notice of the shareholders' general meeting shall be given forty-five (45) days before the date of the meeting to notify all the shareholders in the register of shareholders of the matters to be considered, and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning the attendance at the meeting to the Company twenty (20) days before the date of the shareholders' general meeting. The convening of a shareholders' general meeting shall not be restricted by the above notice period requirements if all of the shareholders in the register of shareholders agree in writing.

Article 66: When the Company convenes a shareholders' annual general meeting, shareholder(s) individually or collectively holding three (3) per cent. or more of the total voting shares of the Company may put forward new resolutions in writing to the board of directors ten (10) days before the convening of the annual general meeting. The board of directors shall notify the other shareholders within two (2) days and submit the resolutions to the annual general meeting for deliberation. The contents of a resolution shall fall within the scope of authorities of the shareholders' general meeting, and the resolution shall have clear topics for discussion and matters to be decided.

Article 67: The Company shall, based on the written replies received twenty (20) days before the date of the shareholders' general meeting from the shareholders, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting is one-half or more of the Company's total voting shares, the Company may hold the meeting. If not, then the Company shall within five (5) days further notify the shareholders by public announcement of the matters to be considered, and the date and the place of the meeting. The Company may convene the shareholders' general meeting after the publication of such announcement.

A shareholders' special general meeting shall not decide on those matters not stated in the notice of shareholders' general meeting.

Article 68: A notice of shareholders' general meeting shall comply with the following requirements:

- (i) be in writing;

- (ii) specify the place, the date and the time of the meeting;
- (iii) state the matters to be discussed at the meeting;
- (iv) provide sufficient information and explanation to shareholders of the matters to be considered so as to enable them to make informed decisions. This principle includes (but not limited to) providing the relevant transaction conditions and contracts where the Company proposes a merger, repurchase of shares, restructuring of share capital or other restructuring, and providing a proper explanation of the causes and consequences;
- (v) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, the president or other member of senior management in the matter to be discussed at the shareholders' general meeting and the effect of the proposed matter on them in their capacity as shareholders in so far as it is different from the effect on the interests of the other shareholders of the same class;
- (vi) contain the full text of any special resolution proposed to be resolved at the meeting;
- (vii) contain in clear writing a statement that a shareholder with the right to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that the proxy need not be a shareholder of the Company;
- (viii) specify the time and place for lodging proxy forms for the relevant shareholders' general meeting.

Article 69: Save as otherwise provided in the relevant laws, regulations, the listing rules of the place where the Company is listed and the Articles of Association, notice of shareholders' general meeting shall be served on the shareholders (regardless of whether they have voting rights at the shareholders' general meeting) either personally or by sending it by mail, postage prepaid, to their addresses as shown in the register of members, or by such other means as set out in Article 205 hereof. In case of domestic shareholders, the notice of shareholders' general meeting may also be given by way of an announcement.

The announcement mentioned in the preceding paragraph shall be published in one (1) or more newspapers designated by the securities regulatory authority of the State forty-five (45) to fifty (50) days prior to the holding of the meeting. All holders of domestic shares shall be deemed to have received the notice of shareholders' general meeting upon the publication of the announcement.

Article 70: The accidental omission to give notice of a shareholders' general meeting to, or the non-receipt of notice of a shareholders' general meeting by, any person entitled to receive notice shall not invalidate the meeting and resolutions passed at that meeting.

Article 71: Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorisation from that shareholder:

- (i) the shareholder's right to speak at the meeting;
- (ii) the right to demand or join in demanding a poll;
- (iii) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxies may only vote on a poll.

If the said shareholder is a designated clearing house (or its proxy) as defined in relevant laws or regulations of the place where the shares of the Company are listed, the shareholder may appoint

one or more persons deemed appropriate to be his proxy at any shareholders' general meeting or class meeting. However, for more than one person so appointed, the appointment letter shall state the number of shares and classes of shares represented by each proxy. The person so appointed has the right to represent the clearing house (or its proxy) to exercise the rights as if the clearing house is an individual shareholder of the Company.

Article 72: The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal person, under seal or under the hand of a director, or a person or attorney duly authorised. The instrument appointing a proxy shall state the number of shares in respect of which the proxy represents. If more than one person are appointed as proxies, the instrument shall state the number of shares represented by each proxy.

Article 73: The instrument appointing a proxy and, if the instrument is signed by a person under a power of attorney on behalf of the appointor, a notarised power of attorney or other authorisation document shall be deposited at the address of the Company or at such other place specified in the notice of shareholders' general meeting, not less than twenty-four (24) hours before the time for holding the shareholders' general meeting at which the proxy proposes to vote, or the time appointed for the passing of the resolution.

If the appointor is a legal person, its legal representative or such person as is authorised by resolution of its board of directors or other governing body to act as its representative may attend at any shareholders' general meeting of the Company as a representative of the appointor.

Article 74: Any proxy form issued by the board of directors that is to be used in appointing a proxy on behalf of a shareholder shall allow the shareholder to freely choose to instruct that proxy as to whether to vote for or against in the shareholders' general meeting and to give instructions respectively on matters to be decided by vote at the shareholders' general meeting. A letter of proxy shall note that if a shareholder does not give instructions, the proxy may vote at his discretion.

Article 75: A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointor, or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, incapacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the relevant shareholders' general meeting.

Article 76: Unless otherwise provided by laws, administrative regulations or the Articles of Association, resolutions of a shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution, votes representing two-thirds or more of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

Article 77: A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares held that carry voting rights and each share shall have one (1) vote. However, the Company has no voting rights for its own shares that it holds.

Where any shareholder, under the Listing Rules of the Hong Kong Stock Exchange, is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 78: Any vote of shareholders at a shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company must announce the results of the poll in such manner as prescribed under the Listing Rules of the Hong Kong Stock Exchange.

Article 79: A poll demanded in relation to the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded in relation to any other matters shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 80: On a poll taken at a meeting, a shareholder (including proxy) that is entitled to two (2) or more votes need not cast all his votes in the same way.

Article 81: The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (i) work reports of the board of directors and the supervisory committee;
- (ii) plans formulated by the board of directors for the distribution of profits and recovery of losses;
- (iii) appointment and removal of the members of the board of directors and members of the supervisory committee, their remuneration and method of payment;
- (iv) annual financial budgets and final accounts, balance sheets, income statements and other financial statements of the Company;
- (v) operating policies and investment plans of the Company;
- (vi) matters other than those required by laws, administrative regulations or the Articles of Association to be adopted by special resolution.

When a resolution is proposed at the shareholders' general meeting with respect to the provision of guarantee for the benefit of a shareholder or a de facto controller by the Company, the shareholder or the shareholder controlled by the de facto controller as mentioned shall abstain from voting. Such resolution requires the approval by more than half of the other shareholders (including proxies) present at the shareholders' general meeting.

Article 82: The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (i) the increase or reduction of share capital and the issue of shares of any class, warrants and other similar securities;
- (ii) the issue of debentures of the Company;
- (iii) the division, merger, dissolution and liquidation of the Company;
- (iv) amendments to the Articles of Association;
- (v) any other matters considered by the shareholders' general meeting to be of a nature which may have a material impact on the Company and where it is passed by way of an ordinary resolution at a shareholders' general meeting that the matter be resolved by way of a special resolution.
- (vi) such other matters that shall be approved by special resolution in accordance with the Articles of Association.

Article 83: Any resolution passed at a shareholders' general meeting shall comply with PRC laws and administrative regulations, and the Articles of Association.

The contents of a resolution shall include:

- (i) the time, venue, chairperson of the meeting, and the directors, supervisors and senior management personnel present at the meeting;
- (ii) the shareholders attending the meeting and their respective shareholdings;
- (iii) the total number of voting shares held by the attending shareholders and the proportion of such shares to the total voting shares of the Company;
- (iv) voting results;
- (v) signature of the attending shareholders. In the event that the number of attending shareholders is excessive, the chairperson of the meeting may sign and shall be responsible for the authenticity of the meeting and the voting results.

Article 84: The supervisory committee or shareholder(s) requiring the convening of a shareholders' special general meeting or a meeting of class shareholders shall abide by the following procedures:

- (i) The supervisory committee or shareholder(s) individually or collectively holding ten (10) per cent. or more of the shares carrying voting rights at the meeting sought to be held shall sign one or more counterpart requests stating the object of the meeting and requiring the board of directors to convene a shareholders' special general meeting or a meeting of class shareholders. The board of directors shall, as soon as possible, proceed to convene the shareholders' special general meeting or the meeting of class shareholders after receiving the request. The amount of shareholdings referred to above shall be calculated as at the date of the deposit of the request.
- (ii) If the board of directors fails to issue a notice of such a meeting within thirty (30) days from the date of the receipt of the request, the supervisory committee shall convene and preside at such a meeting; if the supervisory committee fails to issue notice of such a meeting within the following thirty (30) days, shareholder(s) individually or collectively holding ten (10) per cent. or more of the voting rights at such proposed meeting for ninety (90) consecutive days

or more may convene such a meeting within four (4) months from the date of receipt of the request by the board of directors. The procedures for convening such a meeting shall be, as much as possible, the same as the procedures for convening a shareholders' general meeting by the board of directors.

Any reasonable expenses incurred by the shareholders organising the convening of a meeting by reason of the failure of the board of directors to duly convene a meeting set out above shall be borne by the Company and shall be deducted from the money due to the negligent directors from the Company.

Article 85: Shareholders' general meetings shall be convened by the board of directors and be presided by the chairman of the board of directors. If the chairman is unable or fails to perform his duties, the meeting shall be presided by the vice-chairman of the board of directors. If the vice-chairman is unable or fails to perform his duties, the meeting shall be presided by a director elected by half or more of the directors.

If the board of directors is unable or fails to fulfill the obligation of convening the shareholders' general meeting, the supervisory committee shall convene and preside at such meeting promptly, which shall be presided by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his duties, the meeting shall be presided by a supervisor elected by half or more of the supervisors.

If the supervisory committee fails to convene and preside at such meeting, shareholder(s) individually or collectively holding ten (10) per cent. or more of the shares for ninety (90) consecutive days or more may convene and preside at the meeting on his own initiative. The meeting may be presided by a shareholder elected by shareholders present at the meeting.

If no chairman of the meeting is elected, the shareholder present at the meeting (including proxy) with the largest number of voting shares of the meeting shall preside at the meeting.

Article 86: The chairman of the meeting shall preside at the shareholders' general meetings and decide whether the resolutions are approved or not. Decisions made shall be final and conclusive, and shall be declared at the meeting and recorded in the minutes of the meeting.

Article 87: If the chairman of the meeting has any doubt as to the voting result of a resolution, he may request a vote count. If the chairman of the meeting does not request a vote count, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may request a vote count immediately after the announcement of the result. The chairman of the meeting shall have the votes counted immediately.

Article 88: If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minutes of the meeting.

Article 89: Decisions on the matters discussed at a shareholders' general meeting shall be recorded as minutes. Minutes of meetings are recorded in Chinese, the chairman of the meeting and the directors present at the meeting shall sign on the minutes. The minutes, shareholders' attendance lists and proxy forms of shareholders' general meetings shall be kept at the Company's address.

Article 90: Copies of the minutes of shareholders' general meetings shall be available for inspection by any shareholder without charge during the Company's business hours. If a shareholder demands a copy of such minutes from the Company, the Company shall send a copy of the minutes to him within seven (7) days after having received reasonable charges.

Chapter Nine: Special Procedures for Voting by Class Shareholders

Article 91: Those shareholders who hold different classes of shares are “class shareholders”.

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

Article 92: Rights conferred on any class shareholders may not be varied or abrogated save with the approval of a special resolution of a shareholders’ general meeting and by class shareholders at a separate meeting conducted in accordance with Articles 94 to 98.

Article 93: The following circumstances shall be deemed to be a variation or an abrogation of the rights of shareholders of a particular class:

- (i) an increase or reduction in the number of shares of that class, or an increase or reduction in the number of shares of another class that enjoys the same or more voting rights, distribution rights and other privileges as that class;
- (ii) an exchange of part or all of the shares of that class into another class, or an exchange of part or all of the shares of the other class into that class or authorisation of such a conversion;
- (iii) a cancellation or a reduction of rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (iv) a reduction or cancellation of the priority enjoyed by that class to dividend, or the right to priority distribution at the Company’s liquidation;
- (v) an increase, cancellation or reduction of the rights of exchange, selection, voting, transfer and preferred subscription, and the rights of receiving the Company’s securities, enjoyed by that class;
- (vi) a cancellation or reduction of the right to receive the Company’s accounts receivable in designated currency enjoyed by that class;
- (vii) the creation of a new class of shares enjoying the same or more rights of voting, distribution and other privileges as that class;
- (viii) a restriction or an increase in the restriction on the transfer and ownership of that class;
- (ix) an issue of options or conversion rights of that class or other classes;
- (x) an increase in the rights and privileges of shares of other classes;
- (xi) a restructuring of the Company which results in different classes bearing responsibilities disproportionately;
- (xii) a variation or abrogation of the Articles in this Chapter.

Article 94: 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 on matters concerning sub-paragraphs (ii) to (viii), (xi) and (xii) of Article 93, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of "interested shareholder(s)" in this Article is as follows:

- (i) in the case of a repurchase of shares by pro-rata general offers to all shareholders or through open transactions on the stock exchange pursuant to Article 25 of the Articles of Association, a "controlling shareholder" within the meaning in Article 50 of the Articles of Association;
- (ii) in the case of a repurchase of shares by an off-market agreement pursuant to Article 25 of the Articles of Association, a holder of the shares to which the proposed agreement relates;
- (iii) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of the shareholders of that class.

Article 95: Resolutions of a class meeting shall be passed by votes representing two-thirds or more of the class shareholders with the right to vote present at the meeting in accordance with Article 94.

Article 96: Written notice of a class meeting shall be given forty-five (45) days before the date of the class meeting to notify the shareholders of that class, according to in the register of shareholders, of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company twenty (20) days before the date of the class meeting.

If the number of shares carrying voting rights represented by the shareholders intending to attend the class meeting is one-half or more of the total number of shares with voting rights of that class, the Company may hold the class meeting. If not, the Company shall within five (5) days further notify the shareholders of that class by public announcement of the matters to be considered, the date and the place of the class meeting. The Company may then hold the class meeting after the publication of such announcement.

Article 97: Notice of class meetings need only be served on shareholders entitled to vote at the meetings.

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

Article 98: In addition to shareholders of other classes of shares, holders of domestic shares and overseas listed foreign invested shares are deemed to be different classes of shareholders.

The special procedures for approval by separate class shareholders shall not apply in the following circumstances:

- (i) where the Company issues, upon approval by a special resolution of a shareholders' general meeting, either separately or concurrently once every twelve (12) months, not more

than twenty (20) per cent. of each of the existing issued domestic shares and overseas listed foreign invested shares of the Company;

- (ii) where the Company's plan to issue domestic shares and overseas listed foreign invested shares on incorporation is implemented within fifteen (15) months from the date of approval by the State securities regulatory authority.

Chapter Ten: Board of Directors

Article 99: The Company shall have a board of directors. The board of directors shall consist of thirteen (13) members, of whom four (4) members are executive directors, four (4) members are non-executive directors (that is, external directors) and five (5) members are independent directors.

The board of directors shall have one (1) chairman and one (1) vice-chairman. The chairman and the vice-chairman of the board of directors shall be elected and removed by the board of directors with the affirmative votes of more than half of all of the directors. The term of office shall be the same as their directorship. The chairman and the vice-chairman of the board of directors shall be eligible for re-election.

The board of directors shall have a Strategic Planning Committee, an Audit Committee, a Nomination, Remuneration and Review Committee and a Risk Management and Investment Decision-making Committee.

Article 100: The director of the Company shall be a natural person. Directors who are not employees' representatives shall be elected by the shareholders' general meeting, and directors who are employees' representatives shall be elected by the meeting of employees' representatives, the general meeting of employees or by other democratic means. Each term of a director shall not exceed three (3) years. A director may offer himself for re-election. The term of a director shall commence from the date when he is formally appointed and shall end on the day when the term of the relevant session of the board of directors expires. Where re-election is not timely conducted upon expiry of the term of office of a director, such director shall continue to perform his duties as a director until a new session of the board of directors takes office.

The written notice for nominating a candidate for directorship and for such candidate expressing his willingness to accept the nomination shall be given at least seven (7) days in advance. Such seven-day period shall commence no earlier than the date after the notice of the shareholders' general meeting at which the election of directors shall be conducted and, it shall end no later than seven (7) days prior to such meeting.

The shareholders' general meeting may by ordinary resolution remove any director prior to the expiration of his term in accordance with the relevant laws and administrative regulations (but without prejudice to any claim for damages under any contract), provided that an independent director may only be removed by special resolution.

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

Article 101: The Board is responsible to the shareholders' general meeting and exercises the following powers:

- (i) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (ii) to implement the resolutions of the shareholders' general meetings;
- (iii) to decide on the Company's annual business plans and annual investment plans;

- (iv) to formulate the Company's annual financial budgets and final accounts;
- (v) to formulate the Company's plans for distribution of profits and recovery of losses;
- (vi) to formulate proposals for increases or reductions in the Company's registered capital and the issue of corporate debentures;
- (vii) to formulate plans for the merger, division, change of company form or dissolution of the Company;
- (viii) to decide on the establishment of the Company's internal management structure;
- (ix) to appoint or remove the Company's president and the secretary of the board of directors, and to determine their remuneration, rewards and penalties; in accordance with the nomination by the president, to appoint or remove the Company's vice-presidents, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president, and to determine their remuneration, rewards and penalties;
- (x) to approve the Company's basic management system;
- (xi) to formulate proposals for any amendment to the Articles of Association;
- (xii) to elect members to the special committees;
- (xiii) to approve the Company's investment in other enterprises or provision of guarantee for persons other than shareholders or a de facto controller of the Company;
- (xiv) to exercise any other powers conferred by the shareholders' general meetings and the Articles of Association.

Except for board resolutions in respect of the matters specified in the above sub-paragraphs (vi), (vii) and (xi), which shall be passed by two-thirds or more of all of the directors, board resolutions in respect of all other matters may be passed by more than half of all of the directors.

Any resolution passed by the board of directors in respect of connected transactions of the Company shall not become effective until after it has been signed by the independent directors.

The board of directors is ultimately liable for the internal control, risk and compliance of the Company.

In principle, the above statutory functions and powers of the board of directors shall not be delegated to the chairman of the board of directors, an individual director or any other individual or institution. In the event that it is necessary to delegate concrete decision-making of certain matters, such delegation shall be approved by board resolutions in accordance with law. Each delegation shall be for one matter exclusively, the functions and powers of the board of directors shall not be delegated to any other institution or individual generally or permanently.

Article 102: The board of directors shall not, without the prior approval of the shareholders' general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the four (4) months immediately preceding the proposed disposal exceeds thirty-three (33) per cent. of the value of the Company's fixed assets as stated in the latest balance sheet considered at the shareholders' general meeting.

A "disposal of fixed assets" as referred to in this Article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets as security.

A 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.

In formulating strategies to develop market share, effect mergers and acquisitions or expand the Company's investment scope, the board of directors shall hire a consulting firm to give a specialist opinion on any project where the amount of investment made or assets acquired through a merger or acquisition is equal to or greater than ten (10) per cent. of the value of the Company's total assets. This opinion shall form an important basis of any strategy formulated by the board of directors.

Article 103: The chairman of the board of directors shall have the following functions and powers:

- (i) to preside over shareholders' general meetings, and convene and preside over board meetings;
- (ii) to examine the implementation of board resolutions;
- (iii) to sign securities issued by the Company;
- (iv) any other functions and powers vested in him by the board of directors.

The vice-chairman assists the chairman of the board of directors to convene and preside at the meetings of the board of directors and examine the implementation of the resolutions of the board of directors. If the chairman is unable or fails to convene and preside at the meetings of the board of directors and examine the implementation of the resolutions of the board of directors, the vice-chairman shall perform such duties. If the vice-chairman is unable or fails to perform such duties, the director who is elected by half or more of the directors shall perform such duties.

Article 104: Regular board meetings shall be held at least four (4) times every year and be convened by the chairman of the board of directors by serving notice of each board meeting on all the directors and supervisors fourteen (14) days before the date of the proposed meeting.

A special board meeting may be held where the chairman of the board of directors deems necessary. Any shareholder holding ten (10) per cent. or more of the voting shares, one-third or more of all of the directors, two (2) or more independent directors, the supervisory committee or the president may propose to convene a special board meeting.

The notice requirements set out in the first paragraph of this Article and Article 105 of the Articles of Association shall not apply to such special board meetings.

Board meetings shall be conducted in Chinese. If required, a translator may attend board meetings to provide immediate Chinese-English translation.

Article 105: Notice of board meetings shall be given in the following manner:

- (i) Notice shall not be required for the convening of regular board meetings where the time and place have been fixed by the board of directors beforehand.
- (ii) If the time and place of a proposed regular board meeting have not been fixed by the board of directors beforehand, fourteen (14) days' prior notice of the time and place of that board meeting shall be given either by telex, telegram, facsimile, express special delivery, registered post or by hand.
- (iii) Notices shall be in Chinese, with an English translation where required, and shall include a copy of the meeting's agenda. A director may relinquish his right to receive notices of board meetings.

Article 106: For important matters requiring decision by the board of directors, notice must be given to all of the executive directors and external directors by the time specified in Article 105 together with sufficient information, and the meeting must be conducted in strict compliance with the prescribed procedures. Directors may request further information. If one-quarter or more of all of the directors or two (2) or more external directors consider any information supplied to be insufficient, inconclusive or unclear, they may jointly propose that the board meeting or the discussion of some of the matters be postponed, and the board of directors shall accept such proposal.

Notice of a meeting shall be deemed to have been given to any director who is present at a meeting and does not, either before or during the meeting, object to his not having received any notice of that meeting.

Regular or special board meetings may be conducted by telephone or using other similar means of communication, provided that all of the directors participating in that meeting can clearly hear and communicate with each other. In such cases, all of the participating directors shall be deemed to have attended the meeting in person.

Article 107: A board meeting shall only be held if more than half of the directors (including any director who authorises another director to attend the meeting on his behalf in writing in accordance with Article 108 hereof) are present. Each director shall have one (1) vote. Resolutions of the board of directors shall be decided by a majority of votes.

Article 108: Directors should attend board meetings in person. If, for any reason, a director is unable to attend a meeting, he may appoint in writing another director to attend that meeting on his behalf. The letter of appointment shall specify the scope of authority granted.

A director attending a meeting on behalf of another director shall exercise the rights of the director appointing him within the scope of authority granted to him. Where a director fails to attend a board meeting and has not appointed a representative to attend that meeting on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

In principle, a director shall not accept the authorisation of more than two (2) directors who do not attend the meeting in person. An independent director may only authorise another independent director to attend the meeting on his behalf. In relation to board meeting for the consideration of connected transactions, a non-connected director shall not authorise a connected director to attend the meeting on his behalf.

Expenses incurred by a director in attending board meetings shall be paid by the Company. Such expenses include travelling expenses incurred by a director to get to a meeting venue, and meal and accommodation expenses, local travelling expenses and other sundry expenses incurred during the course of a meeting.

Article 109: The board of directors may adopt a written resolution instead of convening a board meeting. A draft of the proposed written resolution shall be served on each director by either hand, post, telegram or facsimile. If the board of directors has already given a copy of the written resolution to all directors and the number of directors who have consented to and signed the resolution is such number as is required to pass a resolution, then this written resolution shall take effect as a board resolution upon serving the resolution on the secretary of the board of directors, without having to convene a board meeting.

Article 110: The board of directors shall keep minutes in Chinese of the decisions of all matters tabled at a board meeting. The opinions expressed by independent directors shall be set out in each board resolution. Minutes of each board meeting shall be provided to all directors for review

as soon as possible. A director who wishes to amend or add to the minutes shall submit his proposed amendments in writing to the chairman within one (1) week of receiving the minutes. Once finalised, the minutes shall be signed by the directors who attended that meeting and the person who took the minutes. Minutes of board meetings shall be kept at the Company's address in the PRC and a complete copy shall be given to each director as soon as possible.

The directors shall bear responsibility for board resolutions. If a board resolution breaches any laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meetings and results in the Company incurring substantial losses, the directors participating in that resolution shall be liable to compensate the Company. If it can be shown that a director objected to any resolution at the time it was passed, and such objection is recorded in the minutes of that meeting, then such director shall be exempted from liability.

Chapter Eleven: Independent Directors and External Directors

Article 111: The Company adopts the independent director system and the external director system. An independent director shall possess the requisite qualifications for being an independent director of a listed insurance company under the laws, administrative regulations and regulatory requirements, and shall exercise his functions and powers and perform his duties in accordance with the relevant laws, administrative regulations, the Articles of Association and the procedural rules for the board of directors.

The provisions in this Article with respect to the powers and functions and obligations of independent directors shall apply to external directors unless provided otherwise by laws, administrative regulations and the Articles of Association.

Article 112: Without prejudice to the requirements regarding the independence of independent directors under the laws, administrative regulations, rules and the listing rules of the place where the Company is listed, none of the following persons shall act as an independent director:

- (i) any person who was, in the last three (3) years, employed by a shareholder holding five (5) per cent. or more of the Company's shares or the top ten (10) shareholders of the Company, and his close relatives;
- (ii) any person who was, in the last three (3) years, employed by the Company or an enterprise which the Company has de facto control, and his close relatives;
- (iii) any person who provided legal, auditing, actuarial or management consultancy services to the Company in the past year;
- (iv) any person who is a partner, controlling shareholder or senior management personnel of any banking, legal, consulting or auditing institution which has business relationship with the Company;
- (v) any other person whose independent judgment is questioned by the CIRC.

Article 113: An independent director must be independent from the Company and the shareholders of the Company. An independent director must not hold any post in the Company other than that of independent director.

An external director must not hold an internal post in the Company. An external director shall have sufficient time and the necessary expertise required to carry out his duties. When carrying out his duties, an external director shall be provided with all necessary information by the Company. An independent director may report directly to the shareholders' general meeting, the State securities regulatory authority and other relevant departments.

Article 114: An independent director shall owe the Company and all its shareholders a duty to act honestly, in good faith and diligently. An independent director shall abide by the requirements of relevant laws, administrative regulations and the Articles of Association, perform his duties faithfully, safeguard the overall interests of the Company, and have particular regard to protecting the lawful rights and interests of the Company's medium and minority shareholders. An independent director shall not be influenced by the majority shareholder, or any person(s) with actual control over the Company and any other entity or individual with a material interest in the Company.

Article 115: To ensure that the independent directors exercise their powers and functions effectively, the Company shall provide the independent directors with the following necessary conditions:

- (i) The Company shall ensure that the independent directors enjoy the same rights to information as the other directors. For matters requiring decision by the board of directors, advance notice together with sufficient information must be given by the Company to the independent directors within the prescribed statutory time limit. Independent directors may request further information if they consider any information to be insufficient. If two (2) independent directors consider any information to be insufficient, inconclusive or unclear, they may jointly propose that the board meeting or the discussion of the matter at hand be postponed, and the board of directors shall accept such proposal. Any information provided by the Company to an independent director shall be retained by the Company and that independent director for at least five (5) years.
- (ii) The Company shall provide such working conditions as are necessary for the independent directors to carry out their duties. The secretary of the board of directors shall actively provide the independent directors with such assistance as is necessary for the independent directors to perform their duties, such as describing the circumstances and providing relevant materials. Independent opinions, proposals and written explanations provided by the independent directors that shall be announced publicly, the secretary of the board of directors shall timely complete the necessary formalities for making public announcements at the stock exchange.
- (iii) The relevant personnel of the Company shall co-operate fully with the independent directors whilst the independent directors perform their duties and shall not refuse, obstruct or conceal, or interfere with their independent performance of duties.
- (iv) The Company shall pay the independent directors an appropriate allowance. The level of allowance to be paid shall be set by the board of directors beforehand, reviewed and approved by the shareholders' general meeting and disclosed in the annual report of the Company.

Other than the above allowances, independent directors shall not receive any additional undisclosed benefits from the Company and its majority shareholder or any other materially interested entity and individual.

Article 116: If an independent director fails to attend in person board meetings on three (3) consecutive occasions, the Company shall convene a meeting within three (3) months to remove such independent director and elect a new independent director in his stead. An independent director who fails to attend in person board meetings on five (5) or more occasions during his term shall not be eligible for re-election.

Article 117: Unless provided otherwise by the Articles of Association, the provisions on directors in Chapter 16 of the Articles of Association shall apply to independent directors and external directors.

Chapter Twelve: Secretary of the Board of Directors

Article 118: The Company shall have one (1) secretary of the board of directors. The secretary of the board of directors shall be one of the members of senior management.

The board of directors may establish a secretarial department of the board of directors as required.

Article 119: The secretary of the board of directors shall be a natural person with the necessary professional expertise and experience. He shall be nominated by the chairman of the board of directors and appointed by the board of directors. The term of office of the secretary of the board of directors shall be three (3) years, and the secretary of the board of directors may serve consecutive terms if re-appointed.

The main duties of the secretary of the board of directors are:

- (i) to assist the directors with managing the day to day work of the board of directors; to continuously provide the directors with, advise them of, and ensure that they are aware of, the administrative regulations, policies and requirements of both domestic and overseas regulatory authorities affecting the operations of the Company; to assist the directors and the president to abide by domestic and foreign laws, administrative regulations, the Articles of Association and other relevant regulations in the course of performing their powers and functions;
- (ii) to organise and prepare documents for board meetings and shareholders' general meetings, to take proper minutes of meetings, to ensure that the resolutions passed at meetings comply with legal procedures, and to monitor the implementation of board resolutions;
- (iii) to organise and co-ordinate information disclosure, to manage investor relations, and to enhance the transparency of the Company;
- (iv) to participate in arranging financing for the Company in the capital market;
- (v) to manage the Company's relations with intermediaries, regulatory authorities and the press.

Article 120: The scope of the powers and functions of the secretary of the board of directors is as follows:

- (i) The secretary of the board of directors shall organise and attend to the preparations for board meetings and shareholders' general meetings, prepare meeting documents, attend to other meeting-related matters, take minutes of meetings, ensure that minutes are accurate, maintain meeting documents and records of meetings and monitor the implementation of resolutions. The secretary of the board of directors shall report to the board of directors and make suggestions in respect of important issues on implementation.
- (ii) The secretary of the board of directors shall ensure that major decisions of the board of directors are carried out in strict compliance with prescribed procedures. As may be required by the board of directors, the secretary of the board of directors shall participate in and arrange consultations and analyses of the matters requiring decision by the board of directors, and shall give advice and suggestions thereto. He may be delegated to carry out the day to day work of the board of directors and its related committees.
- (iii) The secretary of the board of directors shall be the liaising person between the Company and the securities authority, attend to the organisation, preparation and timely delivery of

documents required by the regulatory authorities, and accept and carry out instructions from the regulatory authorities.

- (iv) The secretary of the board of directors shall co-ordinate and organise information disclosure for the Company, set up a sound system for information disclosure, participate in all meetings concerning information disclosure, and timely keep abreast of the Company's major operating decisions and related information.
- (v) The secretary of the board of directors shall be responsible for maintaining the confidentiality of price sensitive information relating to the Company's shares, and shall formulate an effective system and measures for the protection of such classified information. If, for any reason, any price sensitive information relating to the Company's shares is leaked to the public, the secretary of the board of directors shall adopt such measures as necessary to rectify the situation, and shall timely explain and clarify the situation, and report it to the regulatory authorities in the place outside the PRC where the Company is listed and the State securities regulatory authority.
- (vi) The secretary of the board of directors shall co-ordinate and organise marketing activities, co-ordinate to receive visitors, manage investor relations, liaise with investors, intermediaries and the press, answer questions from the public and ensure that investors timely receive any information disclosed by the Company. The secretary of the board of directors shall also organise and prepare the Company's marketing promotions and advertising activities in and outside the PRC, compile summary reports of marketing activities, important incoming visits and other matters, and report to the State securities regulatory authority on relevant matters.
- (vii) The secretary of the board of directors shall be responsible for maintaining and keeping the Company's register of shareholders, its register of directors, records of the shareholdings of majority shareholders and directors, and a register of the holders of debentures issued by the Company.
- (viii) The secretary of the board of directors shall assist the directors and the president with complying with foreign and domestic laws, administrative regulations, the Articles of Association and other relevant regulations in the course of carrying out their powers and functions. If he is aware that the Company has made or may make a resolution which is in breach of a regulation, he shall timely notify the Company and may inform the State securities regulatory authority and other regulatory authorities of the circumstances.
- (ix) The secretary of the board of directors shall provide the supervisory committee of the Company and any other audit and verification authorities with the information and materials necessary for them to carry out their supervisory powers and functions, and shall assist in investigating whether the Company's responsible financial officers, directors and the president have discharged their duties to act honestly and in good faith.
- (x) The secretary of the board of directors shall exercise any other powers and functions vested in him by the board of directors or as required by the place outside the PRC where the Company is listed.

Article 121: A director or any other member of senior management may concurrently hold the office of secretary of the board of directors. An accountant from an accounting firm engaged by the Company may not concurrently hold the office of secretary of the board of directors.

If a certain act is required to be undertaken by both a director and the secretary of the board of directors separately, any person who is concurrently holding the offices of director and secretary of the board of directors shall not be permitted to act in both capacities.

Article 122: The secretary of the board of directors shall abide by the Articles of Association, carry out his duties faithfully, safeguard the Company's interests, owe the Company a duty to act honestly and diligently and shall not exploit his position and powers in the Company to obtain personal gain.

Chapter Thirteen: Special Committees of the Board of Directors

Article 123: The members of each special committee set up by the board of directors shall consist entirely of directors selected by the board of directors.

Article 124: Each special committee shall have a convener, who will be responsible for convening the meetings of that special committee. The composition, functions and duties of, and operating procedures for, each special committee shall be determined by the board of directors and shall comply with the laws and regulations of the PRC and the place where the Company's shares are listed.

Chapter Fourteen: President and Other Senior Management Personnel

Article 125: The Company shall have one (1) president and several vice-presidents, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president. The president shall be nominated by the chairman of the board of directors and appointed or removed by the board of directors. The vice-presidents, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president shall be nominated by the president and appointed or removed by the board of directors. A director may also be appointed as president, vice-president, responsible compliance officer, responsible financial officer, responsible auditing officer or assistant to the president, provided that the number of directors who act as president, vice-president, responsible compliance officer, responsible financial officer, responsible auditing officer or assistant to the president concurrently shall not be more than half of the total number of directors.

Article 126: The president shall be accountable to the board of directors and shall exercise the following powers and functions:

- (i) he shall be in charge of the operation and management of the Company and shall organise the implementation of board resolutions;
- (ii) he shall organise the implementation of the Company's annual business plans and annual investment plans;
- (iii) he shall enter into contracts and agreements and issue general administrative documents on behalf of the Company;
- (iv) he shall draft plans for the establishment of the Company's internal management structure and, in accordance with operating needs, decide on general organisational restructuring plans;
- (v) he shall formulate the Company's basic management system;
- (vi) he shall formulate basic rules and regulations for the Company;

- (vii) he shall propose to the board of directors for the appointment or removal of the vice-presidents, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president;
- (viii) he shall appoint or remove responsible management personnel other than those required to be appointed or removed by the board of directors;
- (ix) he shall formulate policies for the remuneration, welfare benefits, rewards and penalties of the employees of the Company and shall determine, or authorise subordinate department heads to determine, the employment and removal of the employees of the Company;
- (x) he shall propose the holding of special board meetings;
- (xi) he shall exercise any other powers and functions vested in him by the Articles of Association and the board of directors.

Article 127: The president shall attend board meetings and shall be entitled to receive notices of meetings and relevant documents. If the president is not a director, he shall not have any voting rights at the board meetings.

Article 128: In formulating policies for the remuneration, welfare benefits, labour protection, labour insurance and the removal (or dismissal) of the employees of the Company and other matters concerning the personal interests of the Company's employees, the president shall first have regard to the opinions of the trade union and the representatives of employees.

Article 129: The Company shall have responsible financial officers who shall be responsible for accounting, financial management and other enterprise value management activities. The responsible financial officers shall report to the board of directors and the president, and shall perform the following duties:

- (i) to be responsible for accounting and the preparation of financial reports and the establishment and maintenance of the internal control system in relation to financial reporting, and to be responsible for the accuracy of the financial and accounting information;
- (ii) to be responsible for financial management, including budget management, cost control, funds allocation, profits distribution and evaluation of operational performance;
- (iii) to be responsible for or participate in risk management and solvency management;
- (iv) to participate in strategic planning and other significant operation and management activities;
- (v) to review and execute the information and reports to be disclosed externally in accordance with laws, administrative regulations and the relevant regulatory requirements;
- (vi) any other duties which are required to be performed by the CIRC and the law.

The responsible financial officers shall be entitled to attend the board meetings which are relevant to their duties.

Article 130: The president, vice-presidents, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president shall exercise their functions and powers honestly and diligently in accordance with laws, administrative regulations and the Articles of Association.

Chapter Fifteen: Supervisory Committee

Article 131: The Company shall have a supervisory committee which shall be a standing supervisory body of the Company responsible for supervising the board of directors and its members, the president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president, so as to prevent any abuse of their functions and powers and violation of the legal rights and interests of the shareholders, the Company and its employees.

Article 132: The supervisory committee shall consist of six (6) supervisors, of which one-half or more of the total number of supervisors shall be external supervisors (that is, supervisors who do not hold an internal office in the Company, same for below) and at least two (2) shall be independent supervisors (that is, supervisors who are independent of the shareholders of the Company and who do not hold an internal office in the Company, same for below). The supervisory committee shall have one (1) chairman. The term of office of a supervisor shall be three (3) years, and each supervisor may serve consecutive terms if re-appointed.

The appointment or removal of the chairman of the supervisory committee shall be determined by a resolution passed by two-thirds or more of the members of the supervisory committee.

The chairman of the supervisory committee shall manage the exercise of functions and duties of the supervisory committee.

Article 133: The proportion of representative of the Company's employees in the supervisory committee shall be one-third or more of the total number of supervisors. The remaining supervisors shall be elected by the shareholders and shall be elected and removed at a shareholders' general meeting; the representative(s) of the Company's employees appointed as supervisor shall be elected or removed democratically by the employees of the Company.

The supervisory committee may establish an office to deal with the day to day work of the supervisory committee as required.

Article 134: None of the directors, president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president shall act as supervisors concurrently.

Article 135: Meetings of the supervisory committee shall be held at least once every six (6) months. The chairman of the supervisory committee shall be responsible for convening and presiding at each meeting. If the chairman of the supervisory committee is unable or fails to perform the duties, the supervisor who is elected by half or more of the supervisors shall convene and preside at the supervisory committee meeting.

Article 136: The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with the law:

- (i) to examine the Company's financial affairs;
- (ii) to supervise the act of the directors, the president and other senior management personnel during the performance of their duties, and to propose the dismissal of the directors, president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president who have breached the laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' general meeting;

- (iii) to seek rectification from a director, the president or other member of senior management where the acts of such persons harm the interests of the Company;
- (iv) to verify financial information such as financial reports, business reports and profit distribution plans to be submitted by the board of directors to a shareholders' general meeting and, if in doubt, may appoint, in the name of the Company, a registered accountant or a practicing auditor to assist in re-examining the information;
- (v) to propose the holding of shareholders' special general meetings, to convene and preside at shareholders' general meetings when the board of directors does not perform its duties of doing so as prescribed in the Articles of Association;
- (vi) to bring lawsuits against the directors, president, vice-presidents, secretary of the board of directors, responsible compliance officers, responsible financial officers, responsible auditing officers and assistants to the president in accordance with the Company Law;
- (vii) to bring forward proposals at shareholders' general meetings;
- (viii) to exercise any other functions and powers prescribed by the Articles of Association.

The supervisory committee may make recommendations concerning the appointment of the Company's accounting firm and, where necessary, may appoint, in the name of the Company, another accounting firm to conduct an independent audit of the Company's financial affairs. The supervisory committee may report directly to the State securities regulatory authority and other relevant authorities.

External supervisors shall report separately to the shareholders' general meeting on the honesty and diligence of the members of senior management.

Supervisors shall attend board meetings and have the right to raise questions or suggestions on the matters to be decided by the board of directors.

Article 137: The supervisory committee shall pass resolutions as follows: resolutions of the supervisory committee must be passed by two-thirds or more of the total number of supervisors on a show of hands. If, for any reason, a supervisor is unable to attend a meeting of the supervisory committee, he may appoint in writing another supervisor to attend that meeting on his behalf. The letter of appointment shall specify the scope of authority granted.

Article 138: All reasonable fees incurred in the employment of professionals such as lawyers, registered accountants and practicing auditors by the supervisory committee whilst exercising its functions and powers shall be paid by the Company.

Article 139: A supervisor shall carry out his duties faithfully in accordance with laws, administrative regulations and the Articles of Association.

Chapter Sixteen: Qualifications and Obligations of Directors, Supervisors, President and Other Members of Senior Management

Article 140: The directors, supervisors, president and other senior management personnel shall possess the qualifications as required by the relevant laws, administrative regulations and regulatory requirements.

Article 141: The following persons may not serve as a director, supervisor, the president or other member of senior management of the Company:

- (i) a person with no or restricted capacity for civil acts;

- (ii) a person who has been sentenced for offences involving corruption, bribery, infringement of property rights, misappropriation of property or the disruption of social economic order of the socialist market economy, or who has been deprived of his political rights due to a criminal conviction, where in each case less than five (5) years have elapsed since the expiration of the sanction period;
- (iii) a person who has been sentenced to other punishment, where less than three (3) years have elapsed since the expiration of the sanction period;
- (iv) a person who has had his qualification to act as a director, supervisor, senior management personnel of a financial institution cancelled or revoked by a financial regulatory authority for violating the law or disciplines, where less than five (5) years have elapsed since the date of cancellation or revocation of his qualification;
- (v) a person who has been prohibited from entering into the market by a financial regulatory authority, where less than five (5) years have elapsed since the expiration of the prohibition period;
- (vi) a person who was dismissed from public office by government department, where less than five (5) years have elapsed since the date of decision on the dismissal;
- (vii) a person who is a former lawyer, certified public accountant or professional of asset valuation, certification or other organisations, and whose professional qualification has been revoked for being in breach of the law or disciplines, where less than five (5) years have elapsed since the date of revocation of the professional qualification;
- (viii) a person who is a former director, factory manager or manager of a company or an enterprise which was liquidated for insolvency, and who is personally liable for such insolvency, where less than three (3) years have elapsed since the date the liquidation proceedings were completed;
- (ix) a person who is a former legal representative of a company or an enterprise, which had its business licence revoked or was ordered to close down for being in breach of the law, and who is personally liable for such matter, where less than three (3) years have elapsed since the business licence was revoked;
- (x) a person with a relatively large amount of outstanding and due debts;
- (xi) a person who was imposed on administrative punishment by the CIRC in form of warning or fine within the preceding year;
- (xii) a person who is under on-going investigation by the CIRC due to suspected involvement in serious illegal activities and the case has not been concluded;
- (xiii) a person who has been imposed on material administrative punishment by other administration and management authority, where less than two (2) years have elapsed;
- (xiv) a person who has been sentenced to any criminal penalty in Hong Kong, Macau, Taiwan or outside the PRC, where less than five (5) years have elapsed since the expiration of the sanction period, or who has been convicted of serious violation of the law and imposed on administrative punishment, where less than three (3) years have elapsed since the expiration of the sanction period;
- (xv) a person who is under on-going investigation by a judicial authority for violating criminal law and the case has not been concluded;

- (xvi) a person who is ineligible to head an enterprise pursuant to any laws or administrative regulations;
- (xvii) an individual who is not a natural person;
- (xviii) a person convicted by a relevant authority of contravening securities-related regulations where such conviction involves a finding of fraud or dishonesty and less than five (5) years have elapsed since the date of conviction;
- (xix) other circumstances where a person is regarded as inappropriate to act as director, supervisor, president or other senior management personnel of the Company under the requirements of laws, administrative regulations or the CIRC.

Article 142: The validity of an act undertaken by a director, supervisor, the president or other member of senior management on behalf of the Company shall not, in relation to a bona fide third party, be affected by any irregularity in his office, appointment or qualifications.

Article 143: In addition to the obligations required by laws, administrative regulations or the listing rules of any stock exchange on which the shares of the Company are listed, the directors, supervisors, president and other members of senior management shall, in the exercise of the functions and powers vested in them by the Company, owe a duty to each shareholder:

- (i) not to cause the Company to exceed the business scope stipulated in its business licence;
- (ii) to act honestly in the best interests of the Company;
- (iii) not to deprive the Company, by any method, of any of its property, including (but not limited to) any opportunities that are favourable to the Company;
- (iv) not to deprive the shareholders of their individual rights and interests, including (but not limited to) distribution rights and voting rights, other than pursuant to a restructuring of the Company which has been submitted to and approved by the shareholders' general meeting in accordance with the Articles of Association.

Article 144: The directors, supervisors, president and other members of senior management shall each, in exercising his rights and carrying out his duties, owe a duty to exercise such care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

Article 145: The directors, supervisors, president and other members of senior management shall each discharge his duties in accordance with the principles of honesty and good faith, and shall not put himself in a position where there may be conflict between his duties and personal interests. This principle includes (but not limited to) compliance with the following obligations:

- (i) to act honestly in the best interests of the Company;
- (ii) to exercise powers within the scope of his powers and functions and not to exceed those powers;
- (iii) to exercise the discretion vested in him personally, to not be controlled by others, and except to the extent permitted by any laws or administrative regulations or with the informed consent of the shareholders' general meeting, not to delegate to any other party the exercise of his discretion;
- (iv) to treat shareholders of the same class equally and those of different classes fairly;

- (v) except as otherwise provided by the Articles of Association or with the informed consent of the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (vi) not to use, in any way, the Company's property for his own benefit without the informed consent of the shareholders' general meeting;
- (vii) not to exploit his position and powers to accept bribes or other illegal income, and not to misappropriate, by any means, any of the Company's property, including (but not limited to) opportunities that are favourable to the Company;
- (viii) not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders' general meeting;
- (ix) to abide by the Articles of Association, to perform his duties faithfully and safeguard the Company's interests, and not to use his position and powers in the Company to obtain personal gain;
- (x) not to compete with the Company in any manner except with the informed consent of the shareholders' general meeting;
- (xi) not to misappropriate the Company's funds or lend such funds to others, not to deposit the Company's assets in accounts under his name or other names, and not to use the Company's assets as security for the debts of a shareholder of the Company or other individual(s);
- (xii) other than with the informed consent of the shareholders' general meeting, not to disclose any confidential information of the Company acquired by him during the course of his tenure, and not to use such information other than for the interests of the Company, provided that such information may be disclosed to the court or other government authorities if such disclosure:
 - (1) is required by the law;
 - (2) is in the public interest;
 - (3) is required in the personal interests of the relevant director, supervisor, president or other member of senior management.

Article 146: Each of the directors, supervisors, president or other members of senior management may not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (i) the spouse or minor child of that director, supervisor, the president or other member of senior management;
- (ii) a trustee of that director, supervisor, the president or other member of senior management, or of any person referred to in sub-paragraph (i) above;
- (iii) a partner of that director, supervisor, the president or other member of senior management, or a partner of any person referred to in sub-paragraphs (i) and (ii) above;
- (iv) a company in which that director, supervisor, the president or other member of senior management, either alone or jointly with one or more of the persons referred to in sub-paragraphs (i), (ii) and (iii) above, or with other directors, supervisors, the president or any other members of senior management, has a de facto controlling interest;

- (v) a director, supervisor, general manager or other member of senior management of the controlled company referred to in sub-paragraph (iv) above.

Article 147: The duties of the directors, supervisors, president and other members of senior management to act honestly and in good faith shall not necessarily cease upon the termination of their tenure. Their duty of confidentiality in relation to commercial secrets of the Company shall survive after the termination of their tenure. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed since the termination of their tenure up to the relevant act, and the circumstances and conditions under which their relationship with the Company was terminated.

Article 148: A director, supervisor, the president or other member of senior management may be relieved from liability for any specific breach of duty by the shareholders' general meeting where the shareholders are informed of the circumstances of the breach, except in the circumstances described in Article 48 of the Articles of Association.

Article 149: If a director, supervisor, the president or other member of senior management is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement entered into, or proposed to be entered into, with the Company (other than his contract of employment with the Company), he shall at the earliest opportunity declare the nature and extent of his interest to the board of directors, regardless of whether the relevant matters would ordinarily require the approval and consent of the board of directors.

A director shall not vote on any board resolution approving any contract, transaction or arrangement in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the same board meeting. In this Article, "associate" has the same meaning as defined in the Listing Rules of the Hong Kong Stock Exchange.

Unless an interested director, supervisor, president or other member of senior management has disclosed his interest in a contract, transaction or arrangement to the board of directors in accordance with the preceding paragraphs of this Article, and such contract, transaction or arrangement is approved by the board of directors at a meeting where he is not counted in the quorum and abstains from voting, such contract, transaction or arrangement is voidable by the Company, except as against a bona fide party without notice of the breach of duty by that interested director, supervisor, president or other member of senior management.

A director, supervisor, the president or other member of senior management shall be deemed to have an interest in any contract, transaction or arrangement in which an affiliate of him has an interest.

Article 150: If, prior to the Company first considering whether to enter into a particular contract, transaction or arrangement, a director, supervisor, the president or other member of senior management gives to the board of directors written notice stating that, by reason of the facts specified in the notice, he has an interest in that contract, transaction or arrangement, then such director, supervisor, president or other member of senior management shall be deemed to have declared his interest in accordance with the preceding Article in this Chapter, in so far as the scope of the contents of such notice is concerned.

Article 151: The Company may not, in any manner, pay any taxes on behalf of its directors, supervisors, the president or other members of senior management.

Article 152: The Company may not, directly or indirectly, provide a loan to, or offer security for any loan made to, a director, supervisor, the president or other member of senior management of either the Company or its parent company, or any of their respective affiliates.

The above prohibition does not apply to the following:

- (i) the provision by the Company of a loan or loan security to any of its subsidiaries;
- (ii) the provision by the Company of a loan, loan security or any other funding to any of its directors, supervisors, the president or other members of senior management in accordance with their contracts of employment approved by the shareholders' general meeting, for the purposes of meeting any expenditure incurred by such director, supervisor, president or other member of senior management for Company purposes or in performing his duties;
- (iii) where the Company's usual business scope includes the provision of loans or loan security, the provision of a loan or loan security to any of its directors, supervisors, the president or other members of senior management or their respective affiliates on normal commercial terms.

Article 153: A loan made by the Company in breach of the preceding Article shall be immediately repayable by the recipient of the loan, irrespective of the terms of that loan.

Article 154: Any loan security provided by the Company in breach of the first paragraph of Article 152 of the Articles of Association shall not be enforceable against the Company except in the following circumstances:

- (i) at the time the loan was provided to an affiliate of a director, supervisor, the president or other member of senior management of either the Company or its parent company, the lender was not aware of the actual circumstances;
- (ii) the lender has already lawfully disposed of the security provided by the Company to a bona fide purchaser.

Article 155: The security described in the preceding Article in this Chapter includes any obligation assumed or property provided by the guarantor to guarantee the performance of obligations by the obligor.

Article 156: If a director, supervisor, the president or other member of senior management breaches his duties to the Company, the Company shall, in addition to any rights and remedies provided by any laws or administrative regulations, be entitled to:

- (i) claim compensation from that director, supervisor, the president or other member of senior management for any losses incurred by the Company as a result of such breach;
- (ii) rescind any contract or transaction entered into by the Company with such director, supervisor, president or other member of senior management or with any third party (where such third party knew or should have known that there was a breach of duty by such director, supervisor, president or other member of senior management);
- (iii) require such director, supervisor, president or other member of senior management to surrender any profits made from such breach of duty;
- (iv) recover from such director, supervisor, president or other member of senior management any monies which the Company should have received, including (but not limited to) any commission;
- (v) require payment of any interest such director, supervisor, president or other member of senior management has or may have earned on any monies that should have been paid to the Company.

Article 157: The Company shall, with the prior approval of the shareholders' general meeting, enter into a written contract with each of its directors and supervisors in connection with their remuneration. Such remuneration shall include:

- (i) remuneration in respect of services provided as a director, supervisor, the president or other member of senior management;
- (ii) remuneration in respect of services provided as a director, supervisor, the president or other member of senior management of any subsidiary of the Company;
- (iii) remuneration in respect of other services provided in connection with the management of the Company or any of its subsidiaries;
- (iv) any payments to such director or supervisor by way of compensation for loss of office or in connection with his retirement.

A director or supervisor may not commence proceedings against the Company for any benefits due to him on the basis of the above-mentioned matters, unless such proceedings are commenced pursuant to a contract described above.

Article 158: A contract between the Company and a director or supervisor in relation to the remuneration of that director or supervisor shall provide that in the event of a takeover of the Company, that director or supervisor shall, subject to the prior approval of the shareholders' general meeting, be entitled to compensation or other payment in respect of his loss of office or retirement.

A takeover of the Company as referred to above refers to any of the following:

- (i) an offer made by any person to all the shareholders;
- (ii) an offer made by any person with a view to becoming a "controlling shareholder", where "controlling shareholder" has the meaning ascribed to that term in Article 50 hereof.

If a director or supervisor does not comply with this Article, any sum received by him shall belong to those persons who have sold their shares as a result of accepting the above takeover offer; the relevant director or supervisor shall pay the expenses incurred as a result of distributing this sum pro-rata amongst such persons and such expenses may not be paid out of this sum.

Chapter Seventeen: The Company's Labour and Personnel Policies and Trade Union

Article 159: The Company shall formulate policies for labour management, personnel management, remuneration and welfare benefits, and social security in accordance with laws, administrative regulations and relevant provisions.

Article 160: The Company must protect the legal rights and interests of its employees. The Company shall adopt such measures as necessary to improve the quality of its workforce through better work education and vocational training.

Article 161: Employees of the Company may form a trade union in accordance with the law, participate in union activities and protect workers' legal rights and interests. The Company shall provide all necessary conditions for the activities of such trade union. The trade union shall, on behalf of the employees, enter into a collective contract with the Company with respect to the employees' remuneration, working hours, welfare, insurance, work safety and sanitation and other matters in accordance with the law.

When making decisions on restructuring or any important issue relating to business operation, or when formulating important regulations, the Company shall consult its trade union for its opinions, and shall solicit the opinions and proposals of the employees through the meeting of the employees' representatives or other means.

Chapter Eighteen: Financial and Accounting Systems and Income Distribution

Article 162: The Company shall develop its financial and accounting systems in accordance with laws, administrative regulations and PRC GAAP issued by the finance regulatory department of the State Council.

Article 163: The Company shall allocate, pay and utilise the deposits, insurance protection funds and all insurance liability reserve funds in accordance with the relevant laws, administrative regulations and regulatory rules of the State.

Article 164: The Company's financial year coincides with the calendar year, beginning on 1 January and ending on 31 December in each year.

The Company shall use RMB as its reporting currency in accounts, and shall maintain its books of accounts in Chinese.

At the end of each financial year, the Company shall prepare financial reports which shall have been audited by an accounting firm in accordance with the law.

Article 165: At each shareholders' annual general meeting, the board of directors shall submit to the shareholders the Company's financial reports prepared in accordance with laws, administrative regulations and model guidelines promulgated by competent regulatory authorities.

Article 166: The Company's financial reports shall be kept at its office for inspection by the shareholders at least twenty (20) days prior to the date of each shareholders' annual general meeting. Each shareholder is entitled to a copy of the financial reports referred to in this Chapter. Subject to compliance with the requirements of the regulatory body of any stock exchange on which the shares of the Company are listed, the Company may send to its shareholders summary financial reports, the form and content of which comply with the relevant requirements of such stock exchange.

Save as otherwise provided by the relevant laws, regulations, the listing rules of the place where the Company is listed and the Articles of Association, the aforementioned reports shall be sent by the Company to every holder of overseas listed foreign invested shares at least twenty-one (21) days prior to the date of the annual general meeting, by mail, postage prepaid, to the address as shown in the register of members, or by such other means as set out in Article 205 hereof.

Article 167: In addition to being prepared in accordance with PRC accounting standards and administrative regulations, the Company's financial statements shall also be prepared in accordance with international accounting standards or the accounting standards of the place outside the PRC where the Company is listed. Where there are significant differences in the financial statements prepared in accordance with the two accounting standards, such differences shall be disclosed in the financial statements. The after-tax profits available for distribution by the Company in any financial year shall be the lower of the amount of after-tax profits set out in the two financial statements described above.

Where the solvency ratio of the Company is 150% or below, profit distribution shall be based on the lower of the following:

- (i) the profit after taxation as set out in the financial statements;

- (ii) the remaining consolidated income determined in accordance with the rules for the preparation of report on insurance company's solvency.

Article 168: Any interim results or financial information published or disclosed by the Company must be prepared in accordance with PRC accounting standards and administrative regulations, and shall simultaneously be prepared in accordance with international accounting standards or the accounting standards of the place outside the PRC where the Company is listed.

Article 169: The Company shall publish its financial reports twice every financial year, namely, an interim financial report to be published within sixty (60) days after the end of the first six (6) months of each financial year and an annual financial report to be published within 120 days after the end of each financial year.

Article 170: The Company shall not keep any books of accounts other than what is legally required.

Article 171: When distributing each year's after-tax profits, the Company shall set aside ten (10) per cent. of the after-tax profits for the statutory common reserve fund. This obligation shall cease when the accumulated balance in the Company's statutory common reserve fund is equal to fifty (50) per cent. of the Company's registered capital.

If the Company's statutory common reserve fund is insufficient to make up for the losses incurred in the previous year, then the current year's profits shall be used to make up these losses before allocation is made to the statutory common reserve fund in accordance with the above paragraph.

After the Company has transferred the requisite amount to the statutory common reserve fund, it may, with the approval of the shareholders' general meeting, set aside funds out of its after-tax profits for the discretionary common reserve fund.

Any after-tax profits remaining after the Company has made up the losses incurred in the previous year and allocated fund to the statutory common reserve fund will be distributed to the shareholders in proportion to their respective shareholdings.

No profit may be distributed for the Company's shares held by the Company.

Article 172: No dividends or other distributions by way of bonuses shall be made before the Company has made up the losses incurred in the previous years and allocated funds to the statutory common reserve or in the event that the Company fails to meet the regulatory requirements of solvency.

Shareholders are entitled to dividends on all shares that have been paid up in full before a call on those shares is made. Shareholders are not entitled to dividends declared on a date that is before the date calls on such paid up shares are required to be met.

Article 173: The Company's capital common reserve fund shall include the following:

- (i) premiums generated from the issue of shares in excess of nominal value;
- (ii) other revenue which is required by the finance department of the State Council to be included in the capital common reserve.

Article 174: The common reserve funds of the Company (i.e. the statutory common reserve fund, the discretionary common reserve fund and the capital common reserve fund) shall be applied for the following purposes: to make up the Company's losses, to expand the Company's business operation, and to increase the registered capital of the Company. However, the capital common reserve fund shall not be used for making up the Company's losses.

Where the common reserve fund is to be converted into registered capital, then subject to the approval of the shareholders' general meeting, either new shares may be issued to the shareholders in proportion to their existing shareholdings or the nominal value of the existing shares may be increased, provided that the balance of the statutory common reserve fund after such conversion shall not be less than twenty-five (25) per cent. of the registered capital of the Company prior to the increase.

Article 175: The Company may distribute dividends in one of the following forms:

- (i) cash;
- (ii) shares.

Article 176: Dividends in cash and other amounts payable by the Company to holders of domestic shares shall be in RMB. Dividends in cash and other sums payable to holders of overseas listed foreign invested shares shall be calculated and declared by the Company in RMB and paid in HK dollars. The purchase and exchange of foreign currency to pay cash dividends and other sums payable to holders of overseas listed foreign invested shares shall be conducted in accordance with PRC foreign exchange control requirements.

Article 177: Unless provided otherwise in any laws or administrative regulations, the Company shall adopt the average middle exchange rate of the relevant currency to Renminbi on the interbank foreign exchange market quoted by the China Foreign Exchange Trade System as authorised by the People's Bank of China for the calendar week immediately before the date on which the dividends and other sums were declared as the exchange rate to calculate the cash dividends and other sums which are payable in HK dollars.

Article 178: Subject to compliance with sub-paragraph (vii) of the first paragraph of Article 62 and sub-paragraph (xiv) of the first paragraph of Article 101, the board of directors may resolve to distribute interim dividends and special dividends.

Article 179: The Company shall withhold and pay to the relevant tax authorities any tax payable on any dividends payable to a shareholder in accordance with PRC tax laws.

Article 180: The Company shall appoint one or more receiving agents on behalf of the holders of overseas listed foreign invested shares to receive any dividends and other sums payable to the holders of overseas listed foreign invested shares on their behalf.

Any receiving agent so appointed by the Company shall comply with the laws of the place or requirements of the stock exchange where the Company is listed.

A receiving agent appointed by the Company on behalf of the holders of overseas listed foreign invested shares listed in Hong Kong must be a trust company registered under the Trustee Ordinance of Hong Kong.

Chapter Nineteen: Appointment of Auditors

Article 181: The Company shall appoint an independent accounting firm qualified under PRC law to audit the Company's annual financial reports and review the Company's other financial reports.

The Company's first auditors may be appointed at the inaugural meeting held before the first shareholders' annual general meeting. The auditors so appointed shall hold office until the conclusion of the first shareholders' annual general meeting.

If the powers under the preceding paragraph are not exercised at the inaugural meeting, they shall be exercised by the board of directors.

Article 182: Auditors shall be appointed by the Company for a term commencing from the close of a shareholders' annual general meeting and ending on the close of the following annual general meeting.

Article 183: The auditors appointed by the Company shall be entitled to:

- (i) inspect the Company's accounts, records or vouchers at any time, and to request the directors, president or any other member of senior management to provide any related information and explanations;
- (ii) require the Company to take all reasonable means to obtain such information and explanation from its subsidiaries which the auditors consider necessary to carry out the audit;
- (iii) attend shareholders' general meetings and to receive all notices of, and any other communications relating to, such meetings which a shareholder is entitled to receive, and to speak at any such meeting in relation to matters concerning their role as the auditors of the Company.

Article 184: If there is a vacancy in the office of the Company's auditors, the board of directors may appoint another accounting firm to fill such vacancy before convening a shareholders' general meeting. During the period of such vacancy, any other accounting firm that has previously been appointed by the Company may continue to act for the Company.

Article 185: The shareholders' general meeting may resolve by ordinary resolution to remove the auditors before the expiration of their term of office, regardless of the terms of the contract between the Company and the auditors, provided that any right that the auditors may have to claim damages as a result of their removal shall not be affected.

Article 186: The remuneration of auditors or the manner in which they are remunerated shall be determined by the shareholders' general meeting. The remuneration of any auditors appointed by the board of directors shall be determined by the board of directors.

Article 187: The appointment, removal or non-reappointment of auditors shall be decided by the shareholders' general meeting and reported to the State securities regulatory authority and the insurance regulatory authority. In case of the removal of auditors, reason shall be given.

If the shareholders' general meeting proposes to pass a resolution appointing new auditors to fill a casual vacancy, re-appointing retiring auditors appointed by the board of directors to fill a casual vacancy, or removing auditors before the expiration of their term of office, then the following provisions shall apply:

- (i) A copy of the proposal regarding the appointment or removal of auditors shall be given to the auditors proposed to be appointed, intending to leave or that have left in the relevant

financial year, before notice of the meeting at which such proposal is to be considered is given to the shareholders. Leaving includes leaving due to removal, resignation or retirement.

- (ii) If the auditors who are leaving their post make written representations and request the Company to inform the shareholders of such representations, the Company shall, unless the representations are received too late, take the following measures:
 - (1) state that such representations have been made by the leaving auditors in the notice that is given to the shareholders notifying them of the proposed resolution;
 - (2) attach a copy of the representations to the notice and deliver it to the shareholders in the manner prescribed by the Articles of Association.
- (iii) If the auditors' representations are not sent in accordance with sub-paragraph (ii), such auditors may require that the representations be read out at a shareholders' general meeting, and may make further representations.
- (iv) The auditors who are leaving their post shall be entitled to:
 - (1) attend the shareholders' general meeting at which their term of office would otherwise have expired;
 - (2) attend any shareholders' general meeting at which it is proposed to fill the vacancy caused by their removal;
 - (3) attend any shareholders' general meeting convened on their resignation.

The auditors who are leaving their post shall be entitled to receive all notices of, and other communications relating to, any of the meetings described above, and to speak at any such meeting in relation to matters concerning their role as the former auditors of the Company.

Article 188: The Company may remove or not re-appoint auditors by giving prior notice to such auditors. Such auditors shall be entitled to make written representations at a shareholders' general meeting. If the auditors propose to resign, such auditors shall notify the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Auditors may resign by leaving at the Company's address a resignation notice which shall take effect on the day it is left at the Company's address or such later date as may be stipulated in the notice. This notice shall contain the following:

- (i) a statement that the auditors believe that the circumstances of their resignation do not need to be explained to the shareholders or creditors of the Company; or
- (ii) if there are matters requiring explanation, an explanation of any such matters.

Where a notice in writing is deposited at the Company under the preceding paragraph, the Company shall, within fourteen (14) days, send a copy of the notice to the competent authority. If the notice contains a statement under sub-paragraph (ii) of the preceding paragraph, a copy of such notice shall also be placed at the Company's office for shareholders' inspection. The Company shall also send a copy of such notice to every holder of the overseas listed foreign invested shares to the address set out in the register of members by prepaid mail, or by such other means as set out in Article 205 hereof.

Where the auditors' notice of resignation contains an explanation of any matter relating to their resignation, such auditors may require the board of directors to convene a shareholders' special general meeting to consider such explanation.

Chapter Twenty: Merger or Demerger of Companies

Article 189: The board of directors shall submit any proposal for the merger or demerger of the Company for approval in accordance with the relevant procedures prescribed by the Articles of Association. Upon approval, the board of directors shall complete the relevant procedures for examination and approval in accordance with the law. Shareholders who oppose the proposed merger or demerger shall be entitled to request the Company or those shareholders who are in favour of the merger or demerger to purchase their shares at a fair price.

Details of the resolutions on merger or demerger of the Company shall be set out in a document prepared specifically for this purpose and such document shall be available for shareholders' inspection. Such document shall also be sent to the holders of overseas listed foreign invested shares by mail, or by such other means as set out in Article 205 hereof.

Any merger or demerger of the Company shall be reported to the CIRC for approval.

Article 190: The merger of the Company may be by way of merger by absorption or through the establishment of a new entity.

The parties to the merger shall enter into a merger agreement and shall each prepare a balance sheet and an inventory of assets. The Company shall give written notice to its creditors of any merger within ten (10) days of the relevant resolution being passed and within thirty (30) days of the relevant resolution being passed, publish a public announcement of the merger in a newspaper at least three (3) times.

Following a merger of the Company, the surviving or newly established entity shall succeed the rights to debts and debts of the original merged entities.

Article 191: Upon a demerger of the Company, its assets shall be divided accordingly.

Upon a demerger of the Company, the parties to the demerger shall enter into a demerger agreement and each of them shall prepare a balance sheet and an inventory of assets. The Company shall give written notice to its creditors of any demerger within ten (10) days of the relevant resolution being passed, and publish a public announcement of the demerger in a newspaper at least three (3) times within thirty (30) days of the relevant resolution being passed.

The entities established by the demerger shall be responsible for joint and several liabilities for any outstanding debts due from the Company in accordance with the provisions of the demerger agreement, unless the clearance of debts has been otherwise agreed upon in writing by the Company and the creditors before the splitting.

Article 192: If as a result of a merger or demerger, there is a change in the Company's registration, the necessary procedures to amend the Company's registration shall be completed in accordance with the law. If the Company is dissolved, the necessary procedures to cancel the Company's registration shall be completed in accordance with the law. If a new company is established, the necessary procedures to register that company shall be completed in accordance with the law.

Chapter Twenty One: Dissolution and Liquidation of the Company

Article 193: The Company shall be dissolved and liquidated in accordance with law after the approval of the CIRC, if any of the following occurs:

- (i) a resolution for dissolution is passed by the shareholders' general meeting;
- (ii) dissolution is necessary as a result of a merger or demerger of the Company;
- (iii) its business license is cancelled or it is ordered to close down or it is struck off according to the law;
- (iv) the People's Court dissolves it under Article 183 of the Company Law;
- (v) the Company is declared bankrupt because of its failure to repay debts as they fall due.

Article 194: A liquidation committee shall be set up within fifteen (15) days from the date on which the reason for the dissolution appears pursuant to sub-paragraphs (i), (iii) and (iv) of the preceding Article. The members of the liquidation committee shall be appointed by an ordinary resolution of the shareholders general meeting, failing which the creditors of the Company may apply to the People's Court to appoint persons to establish a liquidation committee to conduct the liquidation of the Company.

Where the Company is dissolved under sub-paragraph (v) of the preceding Article, the People's Court shall instruct the shareholders, relevant authorities and relevant professional personnel to establish a liquidation committee to conduct the liquidation in accordance with the relevant laws.

Article 195: Where the board of directors proposes to liquidate the Company for reasons other than the Company being declared insolvent, the board of directors shall include, in the notice convening a shareholders' general meeting to consider its proposal, a statement that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of a resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease.

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

Article 196: The liquidation committee shall, within ten (10) days from the date of its establishment, notify the creditors of the Company, and within sixty (60) days, publish at least three (3) times an announcement in newspaper of its establishment. Any claims shall be registered with the liquidation committee.

Article 197: During the liquidation process, the liquidation committee shall exercise the following functions and powers:

- (i) to deal with the assets of the Company and prepare a balance sheet and an inventory of the Company's assets;
- (ii) to issue notices and public announcements to the creditors;
- (iii) to dispose of and wind up the Company's outstanding businesses;

- (iv) to pay unpaid taxes and taxes incurred in the liquidation process;
- (v) to clear rights to debts and repay debts;
- (vi) to deal with surplus assets after repayment of all debts;
- (vii) to represent the Company in any civil proceedings.

Article 198: After the liquidation committee has dealt with the assets of the Company and prepared a balance sheet and an inventory of the Company's assets, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or the People's Court for confirmation.

After payment of the liquidation fees and the common benefits debts as the first priority, the Company's assets shall be applied to pay in the following order: (1) wages, medical expenses, disability allowance and pension of employees, basic endowment insurance and basic medical insurance expenses, statutory compensation; (2) compensation or insurance premiums; (3) outstanding social security expenses as required other than that set out in item (1) due by the Company and unpaid taxes; (4) ordinary liquidation debts.

After the liabilities described in the preceding paragraph have been discharged, any surplus assets shall be distributed to the Company's shareholders according to the class and proportion of their respective shareholdings in the following order:

- (i) where there are preferential shares, distribution shall first be made to holders of preferential shares based on the nominal value of the preferential shares. If the assets are insufficient to repay preferential share capital in full, distribution shall be made in proportion to the shareholding of each preferential shareholder;
- (ii) distribution to holders of ordinary shares shall be made in proportion to their respective shareholdings.

The Company may not engage in any business operations unrelated to liquidation during its liquidation. Assets of the Company shall not be distributed to shareholders before the discharge of its liabilities in accordance with the second paragraph of this Article.

Article 199: Where the Company is dissolved following a liquidation, if the liquidation committee, after dealing with the Company's assets and preparing a balance sheet and an inventory of the Company's assets, discovers that the Company's assets are insufficient to repay its outstanding debts, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the People's Court has declared the Company bankrupt, the liquidation committee shall refer all liquidation matters to the People's Court.

Article 200: Following completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, an income and expenditure statement, and financial statements in respect of the period of liquidation and, after these have been verified by a PRC registered accountant, submit the same to the shareholders' general meeting or the People's Court for confirmation.

The liquidation committee shall, within thirty (30) days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or the relevant authority, deliver these documents to the company registration authority applying for cancellation of the Company's registration and, issue a public announcement of the Company's dissolution.

Chapter Twenty Two: Procedures for Amendment to the Company's Articles of Association

Article 201: The Company may amend the Articles of Association in accordance with the law, administrative regulations and the Articles of Association, with the approval of the CIRC.

Upon the occurrence of any of the following events, the Company shall convene a shareholders' general meeting within three (3) months for the purpose of amending the Articles of Association:

- (i) following the amendments to the Company Law, the Insurance Law or the relevant laws, administrative regulations and regulatory requirements, the provisions of the Articles of Association are in conflict with such requirements;
- (ii) there is any change in the basic information set out in the Articles of Association or the relevant rights, obligations, duties and procedural rules provided for in the Articles of Association;
- (iii) any other matter occurs which makes the amendment to the Articles of Association necessary.

Article 202: Amendments to the Articles of Association shall be made in accordance with the following procedures:

- (i) the board of directors shall pass a resolution pursuant to the Articles of Association proposing amendments to the Articles of Association;
- (ii) notice of the proposed amendments shall be given to the shareholders and a shareholders' general meeting shall be convened to vote on such amendments;
- (iii) proposed amendments submitted to the shareholders' general meeting for voting shall be passed by a special resolution;
- (iv) proposed amendments to the Articles of Association approved by the shareholders' general meeting shall then be submitted to the CIRC for approval.

Article 203: If an amendment to the Articles of Association involves matters provided for in the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, it shall only become effective after it has been approved by the company examination and approval department authorised by the State Council and the State securities regulatory authority.

Article 204: If an amendment to the Articles of Association affects the Company's registration, the necessary procedures to amend the Company's registration shall be completed in accordance with the law.

Chapter Twenty Three: Notices

Article 205: Any notice, information or statement to be given by the Company to its shareholders shall be served upon any member either personally or by sending it by mail, postage prepaid, or by electronic mail or such other means. Subject to the compliance with the laws, administrative regulations, rules and the listing rules of the place where the Company is listed, such notice, information or statement may be served by posting the same on the Company's own website and such website as designated by the regulatory authorities of the place where the Company is listed.

Article 206: Until a shareholder is replaced by any other person or persons as the registered holder(s) of the relevant shares, any notice, information or statement issued by the Company to that shareholder shall be deemed to have been served on such shareholder, regardless of whether that shareholder is deceased or insolvent at the time the notice was served or whether the Company received notice of his death or insolvency, and regardless of whether or not such shareholder holds the relevant shares severally or jointly with any other person or persons. Any service that is effected under such circumstances shall be deemed for all purposes to have been duly effected on the executor, estate manager or transferee of that shareholder and all other persons (if any) who, together with that shareholder have an interest in any of the relevant shares.

Article 207: A notice delivered by post is deemed to have been delivered and received forty-eight (48) hours after posting if sent in a clearly-addressed envelope with all postage paid and deposited in a post-box.

Article 208: Any notice, document, information or written statement served on the Company by shareholders or directors may be sent by hand or by registered post to the legal address of the Company.

Chapter Twenty Four: Dispute Resolution

Article 209: The Company shall abide by the following principles for dispute resolution:

- (i) Any disputes or claims arising between either the holders of overseas listed foreign invested shares and the Company, the holders of overseas listed foreign invested shares and the directors, supervisors, president or any other members of senior management, or the holders of overseas listed foreign invested shares and holders of domestic shares in respect of any rights and obligations under the Articles of Association or the Company Law or any other relevant laws and administrative regulations and the affairs of the Company shall be referred by the relevant parties to arbitration.

Where a dispute or claim described in the preceding paragraph is referred to arbitration, the entire dispute or claim, and not part only, must be referred to arbitration. Any persons with a cause of action based on the same facts giving rise to that dispute or claim, is required to submit to the arbitration if such person is acting on behalf of the Company or a shareholder, director, supervisor, the president or other member of senior management. Disputes relating to the identity of shareholders or the register of shareholders do not need to be referred to arbitration.

- (ii) A claimant may elect to have the arbitration conducted by either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant has submitted a dispute or claim to arbitration, the other party must submit to arbitration by the arbitration body elected by the claimant.

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

- (iii) If any dispute or claim as mentioned in sub-paragraph (i) is referred to arbitration, the laws of the PRC shall apply, except as otherwise provided by laws and administration regulations.
- (iv) An arbitration award shall be final and conclusive and binding on all parties.

Chapter Twenty Five: Supplementary Provisions

Article 210: The Articles of Association is written in Chinese. If there is any discrepancy between the Chinese and other language version of the Articles of Association, or different versions of the same language of the Articles of Association, the Chinese version most recently filed with the State Administration for Industry and Commerce shall prevail.

Article 211: References in the Articles of Association to a number “or more” shall be inclusive of that number and references to “less than” or “other than” a number shall be exclusive of that number.

Article 212: The Company shall formulate its connected transaction management system, information disclosure management system, internal control and compliance management system and internal audit system in accordance with the relevant laws, regulations, rules and directives.

Article 213: The board of directors shall be responsible for the interpretation of the Articles of Association.