

**Articles of Association**  
**of Poly Property Services Co., Ltd.**

**Revised in December 2023**

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# Articles of Association of Poly Property Services Co., Ltd.

## Chapter 1. General Provisions

**Article 1.** The Articles of Association is enacted pursuant to the Company Law of the People’s Republic of China (the “**Company Law**”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “**Special Regulations**”) and other relevant requirements for the purpose of standardising the organisation and behavior of the Company, uphold and strengthen the overall leadership of the Party’s guidance, refining the corporate governance structure, setting up a modern state-owned enterprise system with Chinese characteristics and protecting the legitimate rights and interests of the Shareholders, the Company and the creditors.

**Article 2.** Poly Property Services Co., Ltd. (the “**Company**”) is a joint stock company with limited liability established in accordance with the Company Law, the Special Regulations, and other applicable laws and administrative rules of the People’s Republic of China (the “**PRC**”).

The Company was incorporated upon registration with Guangzhou City Administration for Industry and Commerce (currently known as Guangzhou Administration for Market Regulation) on 26 June 1996, and was entirely converted into a joint stock company with limited liability by way of promotion on 21 October 2016, with its joint stock company business license obtained on 25 October 2016.

The unified social credit code of the Company: 914401012312453719.

The name of the promoter of the Company: Poly Developments and Holdings Group Co., Ltd., Xizang Yingyue Investment Management Co., Ltd. (currently known as Xizang Hetai Corporate Management Co., Ltd.).

**Article 3.** In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish an organisation of the Communist Party of China, carry out the activities of the Party, set up working organs for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.

**Article 4.** The registered names of the Company:

Full name in Chinese: 保利物業服務股份有限公司

Full name in English: POLY PROPERTY SERVICES CO., LTD.

**Article 5.** The address of the Company: 48-49th Floor, Poly Plaza, 832 Yue Jiang Zhong Road, Hai Zhu District, Guangzhou.

Postal code: 510308

Telephone: 020-8989 9986

Fax: 020-8989 9987

**Article 6.** The legal representative of the Company is the chairman of the Board of Directors.

**Article 7.** The Company is a joint stock company with limited liability with perpetual existence and is an independent legal entity. The Company shall hold liable for its debt with all of its assets, and the liability of a Shareholder of the Company shall be limited to the shares subscribed by that Shareholder.

**Article 8.** The Articles of Association, being the code of conduct for the Company, are passed by way of a special resolution at the shareholders' general meeting of the Company and shall become effective on the date when the overseas listed shares of the Company are approved to be listed and traded on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") by the relevant departments of the PRC and the relevant regulatory authorities. From the date upon which the Articles of Association come into effect, the Articles of Association shall become a legally binding document regulating the organization and activities of the Company, as well as the rights and obligations between the Company and each Shareholder and between the Shareholders.

**Article 9.** The Articles of Association are legally binding on the Company, its Shareholders, Party organisation committee members, Directors, Supervisors and senior management, all of whom have the rights to make claims on any matters of the Company pursuant to these Articles of Association.

A Shareholder may take legal action against the Company pursuant to these Articles of Association; the Company may take legal action against any Shareholder pursuant to these Articles of Association; a Shareholder may take legal action against another Shareholders pursuant to these Articles of Association; a Shareholder may take legal action against the Directors, Supervisors and senior management of the Company pursuant to these Articles of Association.

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

**Article 10.** The Company may invest in other limited liability companies, joint stock limited companies or other entities, and the liabilities of the Company to an investee entity shall be limited to the amount of its capital contribution to such investee entities.

**Article 11.** The senior management referred to in the Articles of Association means the General Manager, Deputy General Manager, Chief Financial Officer, Secretary of the Board of Directors, and other senior management designated by the Board of Directors of the Company.

**Article 12.** Where the provisions of the Articles of Association are inconsistent with laws, regulations and rules, the provisions of the laws, regulations and rules shall prevail. The matters not specified in the Articles of Association shall be implemented in accordance with the provisions of the Company Law.

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## Chapter 2. Business Objectives and Operating Scope of the Company

**Article 13.** Business objectives of the Company: With a focus on lean management and human services, it integrates the resources of the property service industry chain to provide professional, high quality and innovative management and services to the government, enterprises and communities. A full-range comprehensive and diversified service system has been built to create multiple-dimensional values jointly with property owners as it strives to become the leading company and an exemplar in the modern services sector of the PRC.

**Article 14.** Business scope of the Company: property management; hotel management; conference and exhibition services; real estate agency; residential lease; non-residential real estate lease; housekeeping services; building cleaning services; landscaping construction works; general contracting of building construction and municipal infrastructure projects; furniture sale; residential interior decoration and refurbishment; water and electricity installation and maintenance services for residential properties; intelligent building construction works; security system monitoring services; wholesale of daily necessities; corporate management; enterprise credit management and consulting services; catering management; sale of general merchandise; fresh fruit retail; sale of raw nuts and dried fruit; raw meat retail; fresh egg retail; aquatic products retail; tourism solicitation and consultancy services at travel agency outlets; urban greening management; sale of construction and decorative materials; sale of office equipment and consumables; office services; singing and dancing entertainment activities; recreational activities; parking lot services; laundry and ironing service; retail of kitchen utensils, sanitary ware and daily sundries; sale of communication equipment; health consultancy services (excluding diagnosis and treatment services); nursing facility services (excluding medical services); retail of cosmetic products; sale of hygiene products and disposable medical supplies; medical equipment rental; elder care services; business services for urban domestic wastes; sale of food (sale of prepackaged food only); alcoholic beverage business; sale of health food (prepackaged); labour dispatch service; automobile repair and maintenance; sale of Class I medical devices; sale of Class II medical devices; car cleaning services; collection of recyclable resources (except for production scrap metals); takeaway and delivery services; catering service; snack and grocery; management of hospitals; patient caring services; management of the appearance of urban and rural areas; advertisement design and agency; advertisement production; advertisement publication; literature and art creation; professional design services; socio-economic consulting services; corporate image planning; marketing planning; etiquette service; photography and photographic processing services; real estate consulting; business agency service; sale of daily sundries; retail of fresh vegetables; retail of tobacco products; ticketing agency service; dealership of second-hand automobiles; repair of electronic appliances; designated driving service; water pollution management; atmospheric pollution management; solid waste management; soil pollution control and remediation services; sewage treatment and recycling; environmental protection consultation service; Internet of Things application services; operation of sports venues and facilities (excluding high-risk sports activities); consulting and planning services; aviation business services; road cargo transportation (including dangerous goods); insurance agency business; small and mini passenger vehicles

leasing and management services; sale of car; sale of charging piles; sale of forestry products; sale of refrigeration and air-conditioning equipment; sale of knitwear and textile products; retail of hard ware products; sale of home appliances; sale of labour protection products; sale of disinfectants (excluding hazardous chemicals); retail of automobile parts; professional sanitary, cleaning and disinfection services; home appliance installation service; fire protection facilities construction works; overseas contracted projects; general mechanical equipment installation services; maintenance of electronic and mechanical equipment (excluding special equipment); category 2 value-added telecommunication business; internet information services; construction management service; fire protection technical services. (Items subject to the legal approval shall be allowed for operations only after approval by the relevant authorities is obtained).

The business scope as referred to in the preceding paragraph shall be subject to the approval of registration by the company registration authority.

### **Chapter 3. Share and Registered Capital**

**Article 15.** The Company shall issue ordinary shares at all times. With the approval from authorities authorised by the State Council, the Company may issue other classes of shares when needed.

**Article 16.** All the shares issued by the Company shall have a nominal value, which is RMB1 for each share.

**Article 17.** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have equal rights.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed by any entities or individuals.

Domestic shares and overseas listed shares issued by the Company are entitled to the same rights in any distribution in the form of dividends or otherwise. The Company shall not exercise any of its rights to freeze or otherwise prejudice any of the rights attached to any shares of the Company only by reason that a person, who is interested directly or indirectly therein, has failed to disclose his/her interests.

**Article 18.** Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

Foreign investors as referred to in the preceding paragraph mean those investors who subscribe for the shares of the Company and are located in foreign countries and in the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan. Domestic investors mean those investors who subscribe for the shares of the Company and are located within the territory of the People's Republic of China excluding the regions mentioned above.

**Article 19.** Shares issued by the Company in RMB to investors for subscription shall be referred to as domestic shares. Shares issued by the Company in foreign currency to investors for subscription shall be called foreign shares. Foreign shares which are listed overseas shall be called overseas listed foreign shares. Domestic shares which may be listed and traded on the overseas stock exchanges with the approval of the securities regulatory authorities of the State Council and the overseas Securities Regulatory Authorities are the same class of shares as overseas listed foreign shares, all of which are collectively referred to as overseas listed shares.

**Article 20.** The Board of Directors of the Company may implement, through separate offerings, the proposals for the issuance of domestic shares and overseas listed shares as approved by the securities regulatory authorities of the State Council. The Company may implement separately its proposals for the issuance of overseas listed shares and domestic shares within 15 months from the date of approval by the securities regulatory authorities of the State Council.

Both holders of domestic shares and foreign shares are ordinary Shareholders and have equal rights and obligations.

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

**Article 22.** Overseas listed shares issued by the Company for listing on the Hong Kong Stock Exchange shall be referred to as H shares, the nominal value of which is denominated in Renminbi. Such shares are subscribed for and traded in Hong Kong dollars.

**Article 23.** At the time of its overall conversion into a joint stock company with limited liability, the Company issued a total of 100,000,000 ordinary shares, all of which were subscribed for and held by the promoters of the Company, of which:

95,000,000 shares were subscribed for and held by Poly Developments and Holdings Group Co., Ltd., representing 95% of the total ordinary shares issued when the Company was established, the capital was contributed by way of net assets converted into shares on 21 October 2016;

5,000,000 shares were subscribed for and held by Xizang Yingyue Investment Management Co., Ltd. (currently known as Xizang Hetai Corporate Management Co., Ltd.), representing 5% of the total ordinary shares issued when the Company was established, the capital was contributed by way of net assets converted into shares on 21 October 2016.

**Article 24.** The Company has 553,333,400 shares in total and the shareholding structure is as follow: 553,333,400 ordinary shares with 380,000,000 shares held by Poly Developments and Holdings Group Co., Ltd., 20,000,000 shares held by Xizang Yingyue Investment Management Co., Ltd. (currently known as Xizang Hetai Corporate Management Co., Ltd.) and 153,333,400 shares held by shareholders of overseas listed shares.

**Article 25.** The registered capital of the Company is RMB553,333,400.

**Article 26.** Unless otherwise provided by the laws and administrative regulations of the PRC, and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, fully-paid shares of the Company shall be freely transferable and be free from all liens. Transfer of overseas listed shares listed in Hong Kong requires registration with the Company's share registrar in Hong Kong.

#### **Chapter 4. Increase, Reduction and Repurchase of Shares**

**Article 27.** The Company may, based on its business and development needs and in accordance with the requirements of laws, regulations and these Articles of Association, increase its registered capital in the following manners:

- (1) by issuing new shares to public;
- (2) by issuing new shares to private;
- (3) by placing new shares to its existing Shareholders;
- (4) by distributing bonus to its existing Shareholders;
- (5) by capitalising its capital reserves;
- (6) by other ways permitted by the laws, administrative regulations and pertinent regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of these Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations of the PRC and the stock listing rules of the stock exchange in which Company's shares are listed.



**Article 28.** The Company may reduce its registered capital according to these Articles of Association and shall be conducted by accordance with the procedures stipulated in the PRC Company Law, other relevant regulations and these Articles of Association.

**Article 29.** In the event of reducing the registered capital, the Company shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within 10 days from the date of the Company's resolution to reduce its registered capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date the relevant notice was received or within 45 days from the date of the relevant announcement if no such notice was received.

**Article 30.** The Company may, according to the requirements of the laws, administrative regulations, departmental rules, stock listing rules of the stock exchange in which Company's shares are listed and these Articles of Association, repurchase its shares under the following circumstances:

- (1) cancelling shares for reducing the Company's registered capital;
- (2) merging with other companies which hold shares in the Company;
- (3) awarding shares for employee stock ownership plan or share incentive plan;
- (4) acquiring shares held by Shareholders, who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company, upon their request;
- (5) using shares to convert into corporate bonds which are convertible into shares that issued by Company;
- (6) protecting the Company value and Shareholders' equity when necessary;
- (7) other circumstances as permitted by laws, administrative regulations and regulatory authorities.

**Article 31.** The Company may, due to the reasons specified in item (1), (2), (4) or (7) of Article 30 hereof and upon the approval of the relevant competent authorities of the PRC, repurchase its shares in one of the following ways:

- (1) making a pro rata general offer of repurchase to all its Shareholders;
- (2) repurchasing through open market transactions on a stock exchange;
- (3) repurchasing by an off-market agreement outside a stock exchange;
- (4) in any other ways as permitted by laws, administrative regulations and stock listing rules of the stock exchange in the place where the Company's shares are listed and relevant competent authorities.

Repurchase by the Company of its shares due to the reasons specified in item (1) to (2) of Article 30 hereof shall be subject to the resolution by the shareholders' general meeting. Repurchase by the Company of its shares due to the reasons specified in item (3), (5) or (6) of Article 30 hereof shall be subject to the decision of a Board meeting attended by more than two-thirds of the Directors.

Repurchase by the Company of its shares due to the reasons specified in item (3), (5) or (6) of Article 30 hereof shall be carried out through open and centralized transactions.

Repurchase by the Company of its shares through an off-market agreement outside a stock exchange shall be subject to the approval of the shareholders' general meeting made pursuant to these Articles of Association. The Company may, by obtaining the prior approval of the shareholders' general meeting in the same manner, rescind or vary the agreement it has entered into in the abovementioned way, or waive any of its rights in the agreement.

The agreement for repurchase of shares as referred to in the preceding paragraph includes but is not limited to an agreement on assuming the obligations or acquiring the rights to repurchase shares.

The Company shall not assign any agreement to repurchase its shares or any right provided in such agreement.

**Article 32.** Shares lawfully repurchased by the Company under item (1) of Article 30 hereof shall be cancelled within 10 days from the date of repurchase; shares repurchased under item (2) or (4) of Article 30 hereof shall be transferred or cancelled within 6 months from the date of repurchase; and the total number of shares held by the Company under item (3), (5) or (6) of Article 30 hereof shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three years.

After the Company cancelled the repurchased shares pursuant to the laws, the Company shall apply to the original company registration authority for registration of the change in the registered capital and publish relevant announcements.

The amount of the registered share capital of the Company shall be reduced by the aggregate nominal value of those cancelled shares.

**Article 33.** The Company shall not accept any of its own shares as the subject of pledge.

**Article 34.** Unless the Company is in the stage of liquidation, it shall comply with the following provisions regarding the repurchase of its outstanding shares:

- (1) where the Company repurchases its shares at nominal value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares;
- (2) where the Company repurchases its shares at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares. The portion in excess of the nominal value shall be handled as follows:
  1. if the shares repurchased were issued at nominal value, the payment shall be deducted from the book balance of the distributable profits of the Company;
  2. if the shares repurchased were issued at a price higher than their nominal value, the payment shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of old shares, provided that the amount deducted from the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares repurchased nor shall it be more than the amount of the Company's share premium account or capital common reserve account (including the premiums on the new issue of shares) at the time of such repurchase;

- (3) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:
  1. acquisition of rights to repurchase shares of the Company;
  2. modification of any agreement for repurchasing shares of the Company;
  3. release of the Company's obligations under any agreement for repurchasing its shares.
- (4) after the aggregate nominal value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment for repurchasing shares at their nominal value shall be accounted for in the Company's share premium account or capital common reserve account.
- (5) where the issuer has the power to repurchase redeemable share:
  1. repurchases not made through the market or by tender shall be limited to a maximum price; and
  2. if repurchases are made by tender, such tender shall be made to all Shareholders on an equal basis.

#### **Chapter 5. Financial Assistance for Acquisition of Shares of the Company**

**Article 35.** The Company or any of its Subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons directly or indirectly undertaking obligations due to the purchasing of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations. This Article shall not apply to the circumstances specified in Article 37.

**Article 36.** The “financial assistance” referred to in this Chapter includes (but is not limited to) the following ways:

- (1) gift;
- (2) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company’s own fault) and termination or waiver of rights;
- (3) provision of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfilment of the obligations of the other party to the contract, and a change in the party to such loan or agreement as well as the assignment of rights under such loan or contract;
- (4) financial assistance provided in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company’s net assets.

The term “undertake obligations” referred to in this Chapter shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person), or by changing its financial position in any other way.

**Article 37.** The following acts shall not be deemed as being prohibited by Article 35 hereof:

- (1) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company’s shares, or the said financial assistance is part of a master plan of the Company;
- (2) the Company distributes its assets as dividends in accordance with the laws;
- (3) the Company distributes dividends in the form of shares;
- (4) the Company reduces its registered capital, repurchases its shares and adjusts the equity structure in accordance with these Articles of Association;

- (5) the Company provides a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company);
- (6) the Company provides the funding for employee stock ownership plan (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company).

## **Chapter 6. Share Certificates and Register of Shareholders**

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

Matters needed to be specified in the shares certificates of Company shall include those required by the Company Law and the rules of the stock exchange in the place where the Company's shares are listed.

During the time when the overseas listed shares remain listed on the stock exchange in the place where the Company's shares are listed, the Company shall at all time ensure that all listing documents and certificates of the overseas listed shares include the statements stipulated below, and shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder submits to the share registrar a signed form in respect to such shares which bear statements to the following effect:

- (1) the acquirer of the shares agrees with the Company and each Shareholder of the Company, and the Company agrees with each Shareholder to observe and comply with the Company Law and other relevant laws, administrative regulations, the Special Regulations and these Articles of Association;
- (2) the acquirer of the shares agrees with the Company, each Shareholder, Director, Supervisor and senior management of the Company, and the Company acting for itself and for each of its Director, Supervisor and senior management agrees with each Shareholder to refer all disputes and claims arising from these Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws or administrative regulations concerning the affairs of the Company to arbitration in accordance with these Articles of Association, and any referral to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. The resolution of arbitration shall be final and conclusive;

- (3) the acquirer of shares agrees with the Company and each Shareholder of the Company that shares of the Company are freely transferable by the holder thereof;
- (4) the acquirer of shares authorizes the Company to enter into a contract on his/her behalf with each Director and senior management whereby such Directors and senior management undertake to observe and comply with their obligations to Shareholders stipulated in these Articles of Association.

**Article 39.** The share certificates of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and these Articles of Association.

**Article 40.** The share certificates shall be signed by the Chairman of the Board of Directors. Where the signatures of other senior management of the Company are required by the stock exchange in the place where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing or imprinting of the Company seal to the share certificates shall be authorised by the Board. The signature of the Chairman of the Board of Directors or such other senior management of the Company on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities, the stock exchange in the place where the Company's shares are listed shall apply.

**Article 41.** The Company shall establish a register of shareholders and shall register therein the following particulars:

- (1) the name (title), address (domicile) and occupation or nature of each Shareholder;
- (2) the class and number of shares held by each Shareholder;
- (3) the amount paid or payable for the shares held by each Shareholder;
- (4) the serial number of the share certificate held by each Shareholder;
- (5) the date on which each Shareholder is registered as a Shareholder;
- (6) the date on which each Shareholder ceases to be a Shareholder.

The register of shareholders is a sufficient piece of evidence of the Shareholders' shareholdings in the Company unless there is evidence to the contrary.

**Article 42.** The Company may keep overseas the original register of shareholders of overseas listed shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the securities regulatory authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of shareholders of overseas listed shares. The entrusted overseas agent shall always ensure that the original and copies of the register of shareholders of overseas listed shares are consistent.

Where the original and copies of the register of shareholders of overseas listed shares are inconsistent, the original shall prevail.

**Article 43.** The Company shall keep a complete register of shareholders, which shall include the following parts:

- (1) the register(s) of shareholders kept at the Company's domicile other than those specified in items (2) and (3);
- (2) the register(s) of shareholders of overseas listed shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;
- (3) the register(s) of shareholders kept in other places as the Board of Directors may decide and consider necessary for listing purposes.

**Article 44.** The various parts of the register of shareholders shall not overlap with each 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 of shareholders.

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 45.** All overseas listed shares shall be transferred by way of written transfer instrument in a usual or common format, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed from time to time by the stock exchange in the place where the Company's shares are listed). A written transfer document may be signed by hand or (where the transferor or transferee is a corporation) affixed with the Company seal. In the event that the transferor or transferee of the shares of the Company is a recognized clearing house (the "**Recognized Clearing House**") as defined under the ordinances revised from time to time as per the laws of Hong Kong or its agent, a written transfer document may be signed in a machine-printed form.



**Article 46.** Shares of the Company held by promoters shall not be transferred within one year from the date of establishment of the Company.

Directors, Supervisors and senior management of the Company shall declare to the Company the amount of shares in the Company held by them and any changes thereof. The number of shares that they may transfer every year during their terms of office shall not exceed 25% of the total number of the Company's shares held by them. They shall not transfer the Company's shares held by them within half a year after their resignation.

**Article 47.** Subject to the approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer all or part of their shares to foreign investors and have the shares listed and traded overseas upon approval of the overseas stock exchange. All or part of the domestic shares may be converted into overseas listed shares which may be listed or traded on the overseas stock exchange. The listing and trading of the above shares on the overseas stock exchange shall comply with the regulatory procedures, regulations and requirements of the overseas securities market. The conversion and/or assignment as well as the listing and trading on any overseas stock exchange of the above shares do not require the voting of the shareholders' general meeting or the meeting of any class of Shareholders. The domestic shares, upon conversion into overseas listed shares, shall belong to the same class of shares as the original overseas listed shares.

**Article 48.** If the period of closure of the register of shareholders before convening a shareholders' general meeting or prior to the reference date set by the Company for the purpose of distribution of dividends is otherwise stipulated by laws, administrative regulations, departmental rules, regulatory documents and the stock exchange or regulatory authorities in the place where the Company's shares are listed, those provisions shall apply.

**Article 49.** When the Company convenes a shareholders' general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholdings; the Board of Directors shall designate a certain date as the record date, at the end of which the Shareholders in the register shall be the Shareholders of the Company.

**Article 50.** If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction over the matter to correct the register of shareholders.

**Article 51.** If any Shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her share certificate(s) (the "**Original Share Certificate(s)**"), the said Shareholder or person may apply to the Company to issue replacement certificate(s) in respect of the said shares (the "**Relevant Shares**"). If a holder of domestic shares loses his/her share certificates, application for replacement shall be subject to the relevant requirements of the Company Law.

If a holder of overseas listed shares loses his/her share certificates, application for replacement shall be subject to the laws, the rules of the stock exchange, as well as other relevant regulations of the place where the original copy of the register of shareholders of overseas listed shares is kept.

If a holder of overseas listed shares loses his/her share certificates and applies for replacement, the issue of replacement certificate(s) shall comply with the following requirements:

- (1) The applicant shall submit an application in standard form as prescribed by the Company accompanied by a notarial document or statutory declaration. The notarial document or statutory declaration shall specify the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as a statement declaring that no other person shall be entitled to request to be registered as the Shareholder in respect of the Relevant Shares.
- (2) No statement has been received by the Company from any person other than the applicant for having his/her name registered as a holder of the Relevant Shares before the Company came to a decision to issue the replacement certificate(s).
- (3) The Company shall, if it decides to issue replacement certificate(s) to the applicant, make an announcement of its intention to issue the replacement certificate(s) in such newspapers designated by the Board of Directors. The announcement shall be made at least once every 30 days over a period of 90 days. The newspapers designated by the Board of Directors shall be the newspapers recognized by the stock exchange in the place where the Company's shares are listed.
- (4) The Company shall, prior to the publication of the announcement of its intention to issue the replacement certificate(s), deliver to the stock exchange in the place where the Company's shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at its premises. The announcement shall be exhibited at the premises of the stock exchange in the place where the Company's shares are listed for a period of 90 days. In case an application to issue replacement certificate(s) has been made without the consent of the registered holder of the Relevant Shares, the Company shall send by post to such registered holder a copy of the announcement to be published.
- (5) If, upon expiration of the 90-day period for the announcement and exhibition referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to the issuance of replacement certificate(s), the Company may issue replacement certificate(s) to the applicant according to his/her application.

- (6) Where the Company issues a replacement certificate(s) under this Article, it shall forthwith cancel the Original Share Certificate(s) and enter the cancellation and replacement issue into the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of the Original Share Certificate(s) and the issuance of replacement certificate(s) by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable undertaking is provided by the applicant therefor.

**Article 52.** Where the Company issues replacement certificate(s) pursuant to these Articles of Association, the name of a bona fide purchaser who obtains the aforesaid replacement certificate or a Shareholder who thereafter registers as the owner of such shares (in the case where he/he is a bona fide purchaser) shall not be removed from the register of shareholders.

**Article 53.** The Company shall not be liable for any damages suffered by any person arising from the cancellation of the Original Share Certificate(s) or the issuance of new replacement certificate(s), unless the claimant can prove that the Company has committed a fraudulent act.

## **Chapter 7. Rights and Obligations of Shareholders**

**Article 54.** A Shareholder is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders.

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of all classes of the Company have equal rights in any distribution made by dividends or other forms.

If the Shareholder is a legal entity, the rights shall be enforced by its legal representative or a proxy of such legal representative (if the Shareholder is a Recognized Clearing House or its agent).

If the Shareholder is a Recognized Clearing House (or its agent), the Shareholder may appoint proxies or corporate representatives to attend shareholders' general meetings or class meetings or creditors' meetings, and those proxies or representatives must enjoy rights equivalent to the rights of other Shareholders, including the right to speak and vote.

**Article 55.** The ordinary Shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other profit distributions in proportion to their shareholdings;
- (2) the right to request, convene, preside, attend or appoint proxies to attend shareholders' general meetings lawfully, to speak and to exercise the voting rights in proportion to their shareholdings at shareholders' general meetings;
- (3) the right to supervise and manage the Company's business activities, to present proposals or to raise enquires;
- (4) the right to transfer, gift or pledge shares in accordance with laws, administrative regulations and provisions of these Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of these Articles of Association, including:
  1. the right to obtain a copy of the Articles of Association, subject to payment of reasonable cost;
  2. the right to inspect and copy, subject to payment of a reasonable charge:
    - (1) all parts of the register of shareholders;
    - (2) personal particulars of each of the Company's Directors, Supervisors, General Managers and other senior management, including:
      - (a) present and former name and alias;
      - (b) principal address (domicile);
      - (c) nationality;
      - (d) primary and all other part-time occupations and duties;
      - (e) identification documents and the numbers thereof.
    - (3) reports showing the status of the Company's issued share capital;
    - (4) reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose;

- (5) minutes of general meetings (only available for inspection to Shareholders);
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;
- (7) other rights under laws, administrative regulations, departmental rules or these Articles of Association.

**Article 56.** The ordinary Shareholders of the Company shall have the following obligations:

- (1) to abide by these Articles of Association;
- (2) to pay capital contribution for the shares subscribed for in the prescribed method of subscription;
- (3) to fulfil other obligations as stipulated by laws, administrative regulations and these Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

**Article 57.** Except for the obligations required by the laws, administrative regulations or the listing rules of the stock exchange in the place where the Company's shares are listed, the Controlling Shareholders shall not exercise its voting rights on the following issues to the detriment of all or part of the Shareholders:

- (1) Exempting Directors and Supervisors from acting in good faith in the best interests of the Company;
- (2) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive the Company's property in any form, including, but not limited to, any opportunity that is beneficial to the Company;
- (3) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive other Shareholders' own rights, including, but not limited to, any distribution rights and voting rights; but such a limitation on the Controlling Shareholders' exercise of its voting rights does not include the reorganisation of the Company approved by the shareholders' general meeting in accordance with these Articles of Association.

In these Articles of Association, a “Controlling Shareholder(s)” means any Shareholder or other person or group of persons together entitled to exercise, or control the exercise of 30% or more of the voting power at shareholders’ general meetings of the Company or who is in a position to control the composition of a majority of the Board of Directors of the Company.

### **Chapter 8. Shareholders’ General Meetings**

**Article 58.** The shareholders’ general meeting is the power of authority of the Company and shall exercise its duties and powers in accordance with the laws.

**Article 59.** The shareholders’ general meeting shall exercise the following duties and powers:

- (1) to decide the Company’s operational policies and investment plans;
- (2) to elect and change the Directors and Supervisors who are not representatives of the employees and decide on the remunerations of Directors and Supervisors;
- (3) to examine and approve reports of the Board of Directors;
- (4) to examine and approve reports of the Supervisory Committee;
- (5) to examine and approve the proposed annual financial budgets and final accounts of the Company;
- (6) to examine and approve the profit distribution plans and loss recovery plans of the Company;
- (7) to make resolutions on the increase or reduction of the registered capital of the Company;
- (8) to make resolutions on the issuance of corporate bonds;
- (9) to make resolutions on the merger, division, dissolution, liquidation or change in the form of the Company;
- (10) to amend these Articles of Association;
- (11) to examine the proposals by the Shareholders severally or jointly holding three percent or more of the voting shares of the Company;
- (12) to make resolutions on the engagement, renewal, or discontinuance of engagement of accounting firms;

- (13) to examine the matters relating to the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding or equal to 25 percent of the Company's latest audited total assets;
- (14) to examine other matters required to be resolved at the shareholders' general meeting pursuant to laws, administrative regulations, departmental rules and provisions of these Articles of Association;
- (15) other matters required by the listing rules of the stock exchange in the place where the Company's shares are listed.

**Article 60.** The Company shall not enter into contracts with a party (other than a Director, Supervisor, the General Managers and other senior management) in relation to handover of the administration of all or important businesses of the Company to that party without the pre-approval of the shareholders' general meeting.

**Article 61.** The shareholders' general meetings consist of annual general meetings and extraordinary general meetings. The shareholders' general meetings shall be convened by the Board of Directors. The annual general meeting shall be held once every year within six months from the end of the previous accounting year.

The extraordinary general meeting shall be convened as and when necessary. In the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months:

- (1) when the number of Directors is less than the number stipulated in the Company Law or two-thirds of the number specified in these Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (3) when Shareholder(s) individually or jointly holding 10 percent or more of the Company's issued shares request(s) in writing to convene an extraordinary general meeting;
- (4) when deemed necessary by the Board of Directors or when proposed by the Supervisory Committee;
- (5) when proposed by two or more independent non-executive Directors;
- (6) any other circumstances stipulated by laws, administrative regulations, departmental regulations, the listing rules of the stock exchange in the place where the Company's shares are listed or these Articles of Association.

The number of shares held referred to in item (3) of this Article shall be calculated on the date when the Shareholders put forward a written request.

**Article 62.** Shareholders requesting to convene an extraordinary general meeting or shareholders' class meeting shall follow the procedures listed below:

- (1) Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting or a shareholders' class meeting and stating the subject of the meeting. The Board of Directors shall convene an extraordinary general meeting or a shareholders' class meeting as soon as possible after having received the aforesaid written request. The abovementioned number of shares held shall be calculated on the date when the Shareholders put forward a written request.
- (2) If the Board of Directors fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the Shareholders who made such request may request the Supervisory Committee to convene the extraordinary general meeting or shareholders' class meeting.
- (3) If the Supervisory Committee fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, Shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within four months upon the Board of Directors having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which general meetings are to be convened by the Board of Directors.

All reasonable expenses incurred for such meetings convened by the Shareholders as a result of the failure of the Board of Directors and the Supervisory Committee to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent Directors and Supervisors.

**Article 63.** When a shareholders' general meeting is convened by the Company, Shareholders who individually or jointly hold 3% or more of the shares of the Company carrying voting right, shall be entitled to make proposals in writing to the Company and the convener ten days before the convening of the shareholders' general meeting. The content of the proposal shall fall within the scope of duties and powers of the general meeting of Shareholders, with clear issues and specific resolutions, and comply with the relevant provisions of laws and regulations and these Articles of Association. The Company shall make the matters within the scope of duties and powers of the shareholders' general meeting listed in the agenda of this meeting and submit the matters to the shareholders' general meeting for consideration.

Except as stipulated in the preceding paragraph, the convener, after issuing the notice of shareholders' general meeting, shall neither modify the proposals stated in the notice of shareholders' general meeting nor add new proposals.



**Article 64.** In order to hold a shareholders' annual general meeting, a written notice for the meeting shall be given to all registered Shareholders 20 days before the date of the annual general meeting or 15 days before the date of the extraordinary general meeting. The matters to be discussed and the venue and date of the meeting shall be included in that notice. For the notice given in this Article, the date of issue is the date on which the Company or the Company's share registrar has served the notice to the postal service.

The notice of the shareholders' general meeting issued to the holders of overseas listed shares may be published on the designated website of the stock exchange in the place where the Company's shares are listed and the website of the Company. Once announced, all holders of overseas listed shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

Except as stipulated in these Articles of Association, the notice of the shareholders' general meeting shall be served on the Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of domestic shares, the notice of the shareholders' general meeting may also be given by way of announcement. The announcement referred above shall be published in one or more newspapers designated by the Securities Regulatory Authorities of the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

The issue date of notices for shareholders' general meetings as stipulated in these Articles of Association shall also be subject to the requirements of the stock exchange where shares in the Company are listed.

**Article 65.** An extraordinary general meeting shall not transact businesses not stated in the notice.

**Article 66.** Notice of a shareholders' general meeting shall satisfy the following requirements:

- (1) be in writing;
- (2) specify the venue, date and time of the meeting;
- (3) specify the matters to be considered at the meeting;
- (4) provide any information and explanations necessary to be made available to the Shareholders for such Shareholders to make informed decisions about the matters to be discussed. This principle includes, but not limited to, the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, equity restructuring or other restructuring;

- (5) in the event that any of the Directors, Supervisors, General Managers and other senior management have material interests in the matters to be discussed, disclose the nature and extent of such interests. If the matters to be discussed affect any Director, Supervisor, General Managers and other senior management as a Shareholder in a manner different from the manner they affect other Shareholders of the same class, the difference shall be explained;
- (6) provide the full text of any special resolution to be proposed for approval at the meeting;
- (7) provide a prominent statement that all Shareholders eligible for attending and voting at the general meeting are entitled to appoint one or more proxies to attend and vote at such meeting on his/her behalf, and that such proxy does not need to be a Shareholder of the Company;
- (8) specify the time and venue for lodging a proxy form for the meeting.

**Article 67.** The accidental omission to give the notice of meeting to, or the non-receipt of the notice of meeting by, any person entitled to receive such notice shall not invalidate the meeting or the resolutions passed at the meeting.

**Article 68.** Any Shareholders entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as his or her proxy to attend and vote at the meeting on his or her behalf. The proxy(ies) so appointed by the Shareholder(s) may, pursuant to the instructions of the Shareholder(s), exercise the following rights:

- (1) the Shareholders' right to speak at the shareholders' general meeting;
- (2) the right to demand a poll by himself/herself or jointly with others;
- (3) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

**Article 69.** The appointment of a proxy shall be in writing and signed by the appointing Shareholder or his/her attorney duly authorised in writing; where the appointing Shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorised.

**Article 70.** The proxy form shall be placed in the Company's domicile or in other places designated by the notice of the meeting at least 24 hours prior to the relevant meeting in which the power of vote is entrusted, or 24 hours prior to the designated voting time. Where the proxy form is signed by a person authorised by the appointing Shareholder, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments, together with the proxy form, shall be placed in the Company's domicile or in such other places designated by the notice of the meeting.

Where the appointing Shareholder is a legal person, its legal representative or other persons authorised by the resolutions of the board of directors or other decision-making body shall be entitled to attend the shareholders' general meeting of the Company as a representative.

**Article 71.** Any proxy form issued to a Shareholder by the Board of Directors of the Company for appointing a proxy shall allow the Shareholder to freely instruct the proxy to cast affirmative or negative votes and to give separate instructions on each matter to be resolved at the meeting. Such proxy form shall contain a statement that the proxy may vote as he/she deems fit in the absence of the shareholder's instruction.

**Article 72.** Where the appointing Shareholder is dead, became incapacitated to act, withdrew the appointment or the power of attorney or where the relevant shares have been transferred prior to voting, a vote given by the proxy in accordance with the proxy form shall remain valid as long as a written notice of such event has not been received by the Company prior to the meeting.

**Article 73.** The shareholders' general meeting shall be convened and presided over by the Chairman of the Board of Directors. If the Chairman of the Board of Directors is unable or fails to perform his/her duties, one Director shall be elected jointly by more than half of the Directors to convene and presided over the meeting. In the event that no chairman is appointed, the attending Shareholders shall elect one person to act as the chairman of the meeting; if, for any reason, the Shareholders fail to elect a chairman of the meeting, the Shareholder (including his/her proxy) holding the largest number of voting shares among the attending Shareholders shall be the chairman of the meeting.

A shareholders' general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, one Supervisor shall be elected jointly by more than half of the Supervisors to preside over the meeting.

The shareholders' general meeting convened by shareholder(s) alone shall be presided over by a representative elected by the convener.

During a shareholders' general meeting, if the chairman violates the rules of procedure in a way that makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the chairman so as to carry on with the meeting, subject to the approval of more than half of the attending Shareholders with voting rights. If for any reason the Shareholders fail to elect a chairman for the meeting, the Shareholder (including his/her proxy) holding the largest number of voting shares among the attending Shareholders shall be the chairman of the meeting.

**Article 74.** Resolutions of the shareholders' general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by more than one half of the voting rights held by Shareholders (including their proxies) attending the shareholders' general meeting.

Special resolution at a general meeting shall be adopted by two-thirds or more of the voting rights held by Shareholders (including their proxies) attending the shareholders' general meeting.

**Article 75.** Shareholders (including their proxies) who vote at a shareholders' general meeting shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, shares in the Company which are held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by Shareholders present at a shareholders' general meeting.

Where any Shareholder is, under the applicable laws and regulations and the listing rules of the stock exchange in the place where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 76.** Voting at shareholders' general meetings shall be conducted by a show of hands, only when the chairman of the meeting makes the decision on the principle of good faith, and on purely procedural or administrative matters. Other matters shall be voted by way of polls.

When voting by a show of hands, the chairman of the meeting shall announce the result of voting by a show of hands on proposals, and shall record the result in the minutes as final evidence, without specifying the number or percentage of in favour for or against the resolutions approved at the meeting.

The demand for a poll can be withdrawn by the proposer.

**Article 77.** If the matter required to be voted by way of a poll relates to the election of chairman or adjournment of meeting, a poll shall be conducted immediately; in respect of other matters required to be voted by way of a poll, the chairman may decide the time of a poll, and the meeting may proceed to consider other matters. The voting results shall still be deemed as resolutions passed at the said meeting.

**Article 78.** When voting by polls, Shareholders (including their proxies) entitled to two or more votes need not cast all their votes for or against in the same way.

When the number of votes against and in favour are equal, the chairman of the meeting shall be entitled to an additional vote.

**Article 79.** The following matters shall be resolved by way of ordinary resolutions at a shareholders' general meeting:

- (1) work reports of the Board of Directors and the Supervisory Committee;
- (2) profit distribution plan and loss recovery plan formulated by the Board of Directors;
- (3) appointment and dismissal of the members of the Board of Directors and Supervisory Committee, and remuneration and payment methods thereof (except for Directors and Supervisors who are employee representatives);
- (4) annual financial budget report, final accounts report, balance sheets, income statements and other financial statements of the Company;
- (5) decision on engagement, renewal, or discontinuance of engagement of accounting firms;
- (6) the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding or equal to 25 percent of the Company's latest audited total assets, and if over 30 percent, the relevant provisions of the Company Law shall also be complied with;
- (7) matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations or these Articles of Association;
- (8) other matters requiring approval by ordinary resolutions in accordance with the listing rules of the stock exchange in the place where the Company's shares are listed.

**Article 80.** The following matters shall be resolved by way of special resolutions at a shareholders' general meeting:

- (1) increase or reduction of registered capital of the Company;
- (2) issuance of corporate bonds by the Company;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) change in the form of the Company;
- (5) amendments to these Articles of Association;
- (6) other matters which are stipulated by laws, administrative regulations or these Articles of Association, and which are considered to have a significant impact on the Company if adopted by the shareholders' general meeting through ordinary resolutions and require approval by special resolutions;
- (7) other matters requiring approval by special resolutions in accordance with the listing rules of the stock exchange in the place where the Company's shares are listed.

**Article 81.** All Directors, Supervisors, General Managers and other senior management shall attend the shareholders' general meeting as non-voting participants if the meeting so requests. At the shareholders' general meeting, the Directors, Supervisors, General Managers and other senior management who attend the meeting or attend the meeting as non-voting participants shall make replies or explanations in respect of the enquiries of Shareholders, except for those matters involving commercial secrets of the Company which cannot be made public.

**Article 82.** The chairman of the meeting shall forthwith announce the voting result of each proposal and whether the proposal is passed based on the voting result at the meeting. The chairman of the meeting shall determine based on the voting result whether a resolution at a shareholders' general meeting is passed. His or her decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 83.** At a shareholders' general meeting, the approach and procedures for nomination of Directors and Supervisors (except for employee representative Directors and Supervisors) are as follows:

- (1) Within the number of members as specified in these Articles of Association and based on the number to be elected, Directors and Supervisors may propose a list of recommended candidates for Director and Supervisor which shall be submitted to the Board of Directors and Supervisory Committee for consideration and approval. The list of candidates for Director and Supervisor, which is confirmed upon approval by the Board of Directors and Supervisory Committee through a resolution, shall be submitted to the shareholders' general meeting by way of written proposal.
- (2) The written notices with regard to the intention to nominate for election candidates for non-employee representative Directors and Supervisors and the acceptance of such nomination by such nominees, as well as the relevant written materials of the nominated candidates, shall be given to the Company no less than seven days prior to the date of the shareholders' general meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and end no later than seven days prior to the shareholders' general meeting). The Board of Directors and Supervisory Committee shall provide shareholders with biographical details and basic information about the candidates for Director and Supervisor.
- (3) The period of nominating for election a candidate for non-employee representative Director or Supervisor to the Company and the period for the nominees to provide the aforesaid notice and documents shall be no less than seven days (such period shall commence from the day following the date of issuing the notice of the shareholders' general meeting).
- (4) At the shareholders' general meeting, voting for each candidate for Director and Supervisor shall be conducted separately.
- (5) In the case of ad hoc addition or replacement of any Director or Supervisor, the Board of Directors and Supervisory Committee shall put forward a proposal to the shareholders' general meeting for such election or replacement.

**Article 84.** If the chairman of the meeting has any doubt as to the result of any resolution put to the vote, he/she may count the votes. If the chairman of the meeting does not count the votes, any attending Shareholder or proxy who objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the announcement of the voting result, and the chairman of the meeting shall have the votes counted immediately.

**Article 85.** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance records signed by the attending Shareholders and proxy forms shall be kept at the domicile of the Company.

### **Chapter 9. Special Procedures for Voting of Class Shareholders**

**Article 86.** Shareholders holding different classes of shares shall be class Shareholders.

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

Where the share capital of the Company includes shares that do not carry voting rights, the word "non-voting" must appear on the name of such shares.

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

**Article 87.** The Company shall not proceed to vary or abrogate the rights of class Shareholders unless such proposed variation or abrogation has been approved by way of a special resolution at a shareholders' general meeting and by a separate shareholder meeting convened by the class Shareholders so affected in accordance with Article 89 to Article 93 hereof.

No approval by a shareholders' general meeting or a class meeting is required for variation or abrogation of the rights of class Shareholders resulting from any change in domestic or overseas laws and administrative regulations and listing rules of the stock exchange in the place where the Company's shares are listed as well as the decisions made by domestic or overseas regulatory authorities in accordance with the laws.

The transfer of shares held by the holders of domestic shares of the Company to overseas investors for overseas listing and trading or the conversion of all or part of the domestic shares into overseas listed shares for listing on any overseas stock exchange shall not be considered as the Company's intention to vary or abrogate the rights of class shareholders.



**Article 88.** Except as stipulated by laws, administrative regulations or these Articles of Association, the following circumstances shall be deemed as variation or abrogation of the rights of a certain class of shareholders:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class' voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (4) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;
- (5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;
- (6) to cancel or reduce rights to receive Company payables in a particular currency attached to the shares of the said class;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;
- (8) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (9) to issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (10) to increase the rights and privileges of the shares of another class;
- (11) to restructure the Company in such a way to cause Shareholders of different classes to undertake liabilities disproportionately during the restructuring;
- (12) to amend or cancel provisions in this chapter.

**Article 89.** Shareholders of the affected class, whether or not with the rights to vote at shareholders' general meetings originally, shall have the right to vote at shareholders' class meetings in respect of matters referred to in items (2) to (8) and (11) to (12) of Article 88 hereof, except that interested Shareholders shall not vote at such shareholders' class meetings.

The term "interested Shareholders" in the preceding paragraph shall mean:

- (1) in case of a buy-back of shares by the Company by way of a general offer to all Shareholders in equal proportion or by way of open market transactions on the stock exchange in the place where its shares are listed in accordance with Article 31 hereof, the Controlling Shareholders as defined in Article 57 hereof shall be the "interested Shareholders";
- (2) in case of a buy-back of shares by the Company by an off market agreement outside the stock exchange on which its shares are listed in accordance with Article 31 hereof, holders of shares in relation to such agreement shall be the "interested Shareholders";
- (3) in case of a proposed restructuring of the Company, Shareholders who assume a relatively lower proportion of obligations than the obligations imposed on the other Shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other Shareholders of that class shall be the "interested shareholders".

**Article 90.** Resolution of a shareholders' class meeting shall be passed only by two-thirds or more of the total voting rights being held by the Shareholders of that class who are entitled to do so, present and vote at the shareholders' class meeting in accordance with Article 89 hereof.

**Article 91.** In order to hold a shareholders' class meeting, notice in writing shall be given to all class Shareholders registered 20 days before the date of the annual general meeting or 15 days before the date of the extraordinary general meeting. The matters to be discussed and the venue, date of the meeting shall be included in that notice.

If provisions otherwise provided by the listing rules of the stock exchange in the place where the Company's shares are listed, those provisions shall apply.

**Article 92.** The notice of a shareholders' class meeting shall be sent to the Shareholders entitled to vote at such meeting only.

The procedure of a shareholders' class meeting shall, to the extent possible, be identical with the procedure of a shareholders' general meeting. Provisions of these Articles of Association relevant to procedure for the holding of a shareholders' general meeting shall be applicable to a shareholders' class meeting.

**Article 93.** Except for other classes of Shareholders, holders of domestic shares and holders of overseas listed shares are treated as different classes of shareholders. In the following circumstances, the special procedures for voting by class Shareholders shall not apply:

- (1) with the approval by a special resolution at the shareholders' general meeting, the Company issues domestic shares or overseas listed shares alone or at the same time at each interval of 12 months and the number of the proposed domestic shares and overseas listed shares does not exceed 20 percent of the respective outstanding shares of such class;
- (2) the Company has made the plans to issue domestic shares or overseas listed shares at the time of incorporation and the implementation of such plan has been completed within 15 months from the date of approval by the securities regulatory authorities of the State Council;
- (3) with the approval of the securities regulatory authorities of the State Council, the holders of domestic shares of the Company transfer all or part of the shares held by them to overseas investors for listing and trading on the overseas stock exchange or the Company converts all or part of the already issued but unlisted shares into overseas listed shares.

## **Chapter 10. Board of Directors**

### **Section 1 Directors**

**Article 94.** Non-employee representative Directors shall be elected or replaced at the shareholders' general meeting for a term of three years. A Director may serve consecutive terms if re-elected upon the expiry of his/her term. Under the premise of complying with the relevant laws and administrative regulations, the shareholders' general meeting may, by an ordinary resolution, remove any Director whose term of office has not expired (but the damage claims of the Director based on any contract is not affected by this rule).

The term of office of the Directors shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When the Directors' term expires and re-election is not held in time, the original Directors shall still perform their duties as Directors in accordance with the laws, administrative regulations, departmental rules and these Articles of Association before the newly-elected Directors take office.

A Director is not required to hold any share in our Company.

**Article 95.** A Director may resign before expiration of his/her term of office. The resigning Director shall submit a written resignation to the Board of Directors. The Board of Directors shall make relevant disclosure within two days upon receipt of such resignation.

In the event that the resignation of any Director results in the number of members of the Board of Directors to be less than the statutory minimum requirement, the resigning Director shall still perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules and these Articles of Association before the newly-elected Director take office.

Save for the circumstances as referred to in the preceding paragraph, the resignation of a Director shall become effective upon submission of his resignation to the Board of Directors.

**Article 96.** The Company shall have independent non-executive Directors. Except as otherwise provided by this section, the provisions relating to the qualifications and obligations of Directors in Chapter 14 hereof shall apply to independent non-executive Directors. At least one independent non-executive Director of the Company shall be an accounting professional. Independent non-executive Directors shall possess sufficient commercial or professional experience in order to be qualified for the position and shall perform their duties honestly and faithfully to safeguard the Company's interest. In particular, they shall protect the lawful rights and interests of public Shareholders from any harm, so as to ensure the sufficient representation of the interests of all Shareholders. At least one independent non-executive Director shall be an ordinary resident in Hong Kong.

## **Section 2 Board of Directors**

**Article 97.** The Company shall have a Board of Directors which consists of seven to nine Directors, and independent non-executive Directors shall not be less than three, which shall account for more than one-third of the total number of Board members.

Independent non-executive Directors may report directly to the shareholders' general meeting, the securities regulatory authorities of the State Council and other relevant departments.

The General Managers or other senior management may concurrently serve as a Director, provided that the aggregate number of the Directors who concurrently serve as General Managers or other senior management shall not exceed one half of the total number of Directors of the Company.

The Board of Directors shall have one Chairman. The Chairman of the Board of Directors shall be elected or removed by more than one half of all Directors. The term of office of the Chairman shall be three years and is renewable upon re-election.

The term of office of a Director shall be three years and is renewable upon re-election, but an independent non-executive Director shall be re-elected upon corresponding review procedures in accordance with the listing rules of the stock exchange in the place where the Company's shares are listed if such Director has served in his/her position for more than nine years.

The Board of Directors shall be accountable to the shareholders' general meeting and exercise the following powers and duties:

- (1) to convene a shareholders' general meeting and report their work to such meeting;
- (2) to implement the resolutions of a shareholders' general meeting;
- (3) to decide on the operation plan and investment scheme of the Company;
- (4) to prepare the annual budget and final accounts of the Company;
- (5) to prepare the profit distribution plan and loss recovery plan of the Company;
- (6) to prepare plans on increase or reduction of the registered capital, plans on issuance of shares, and plans on issuance of bonds or other securities and listing of the Company;
- (7) to prepare plans for major assets acquisition and disposal, repurchase of the shares of the Company or the merger, divisions, dissolution and changes of the form of the Company;
- (8) to decide on the structure of the internal management organisations of the Company;
- (9) to appoint or remove the General Managers and Secretary of the Board pursuant to the nominations of the Chairman; to appoint or remove senior management, such as the Vice General Managers and Chief Financial Officer of the Company pursuant to the nominations of the General Managers;
- (10) to decide on the remuneration of the aforesaid senior management;
- (11) to establish a basic management system of the Company;
- (12) to prepare plans to amend these Articles of Association;
- (13) to propose engaging or replacing an accounting firm to the shareholders' general meeting;

- (14) to hear the work report of the General Managers and other senior management of the Company and check the work of the said members;
- (15) to decide the Company's external investment within the scope authorised by the shareholders' general meetings;
- (16) any external guarantees of the Company;
- (17) to approve the matters that require the approval of the Board of Directors in relation to investment, acquisition or disposal of assets, financing and connected transactions as required by the listing rules of the stock exchange in the place where the Company's shares are listed;
- (18) to decide on other major matters of the Company except for those as required by the Company Law and the provisions of these Articles of Association to be passed by resolutions at the shareholders' general meetings;
- (19) to exercise other powers and duties conferred by relevant laws, regulations, the listing rules of the stock exchange in the place where the Company's shares are listed, these Articles of Association or the shareholders' general meetings.

Resolutions relating to the above, with the exception of items (6), (7) and (12) which shall be approved by not less than two-thirds of the Directors, shall be approved by not less than half of the Directors.

**Article 98.** The Board of Directors shall not, without the approval of Shareholders in a shareholders' general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet reviewed by the shareholders' general meeting.

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

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by a violation against the first paragraph of this Article.

**Article 99.** The chairman of the Board of Directors shall exercise the following duties and powers:

- (1) to preside over the shareholders' general meetings and to convene and preside over the meetings of the Board of Directors;
- (2) to supervise and inspect the implementation of resolutions of the Board of Directors;
- (3) to sign share certificates, debentures and other marketable securities issued by the Company;
- (4) in the event of any urgent situation due to force majeure, to exercise special powers in relation to the Company's affairs in compliance with legal requirements and in the interests of the Company and subsequently reports such activities to the Board of Directors;
- (5) to exercise any other duties and powers required by the laws, regulations or these Articles of Association or conferred by the Board of Directors.

In the event that the Chairman of the Board of Directors is unable to perform his/her duties, a Director elected by more than half of the Directors shall perform such duties.

The Board of Directors may, if necessary, authorize the Chairman of the Board of Directors to exercise part of the powers of the Board of Directors during the adjournment period.

**Article 100.** The Board of Directors shall hold regular meetings at least four times a year which shall be convened by the Chairman of the Board of Directors. A written notice of the meeting shall be sent to all Directors, Supervisors and the General Managers at least 14 days before the date of the meeting.

The Chairman of the Board of Directors shall convene an extraordinary meeting of the Board of Directors within ten days under the following circumstances:

- (1) when proposed by more than one-tenth of the Shareholders with voting rights;
- (2) when proposed by one-third or more of the directors;
- (3) when proposed by the Supervisory Committee.

**Article 101.** A notice shall be given to all Directors, Supervisors and the General Managers 14 days prior to a regular meeting of the Board of Directors or three days prior to an extraordinary meeting of the Board of Directors. The responsible body of the Company shall serve a written notice of the meeting to all Directors, Supervisors and the General Managers by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by phone call and record should be made accordingly.

In case of emergency where an extraordinary meeting of the Board of Directors is required to be convened as soon as possible, the notice of meeting may be given by phone call or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

**Article 102.** The notice of meeting shall be deemed to have been served to a Director if he/she is present at the meeting and does not raise any objection to the non-receipt of such notice prior to or at the time of his/her arrival at the meeting.

Regular or extraordinary meetings of the Board of Directors may be held by way of teleconference or by virtue of other communication devices. In such meetings, so long as the participating Directors can hear and communicate with each other, all participating Directors are deemed to have had participated in the meeting in person.

**Article 103.** The board meeting can be held only when there are more than one half of the Directors (including his/her proxy) attending the meeting.

Each Director enjoys only one voting right. The resolution of the Board of Directors shall be passed by more than a half of all Directors, except as otherwise stipulated by the laws, administrative regulations and these Articles of Association. When the number of votes against and in favour are equal, the Chairman of the Board of Directors shall be entitled to an additional vote.

When a Director has a material interest in a resolution of a board meeting, has a related relationship with the company involved, or has other circumstances specified by the laws and regulations, he/she may not exercise voting rights on the resolution or act as an agent for other Directors to exercise voting rights. The aforesaid Directors shall not be counted in the quorum of the relevant board meeting. The board meeting can be held by more than a half of the unrelated Directors. The resolutions of the board meeting shall be passed by more than a half of the unrelated Directors. If the number of unrelated Directors attending is less than three, the matter shall be submitted to the shareholders' general meeting for consideration.



**Article 104.** A Director shall attend the board meetings in person. If a Director is not able to attend the meeting for any reason, he/she may appoint in writing other Directors to attend the meeting on his/her behalf. The scope of authorization shall be specified in the proxy form.

The Director attending the meeting on other's behalf shall only exercise the rights of Director within the scope of authorization. If a Director neither attends a board meeting nor appoint a representative to attend on his/her behalf, such Director shall be deemed to have waived his/her right to vote at such meeting.

**Article 105.** Any material matters to be decided by the Board of Directors of the Company must be handled in strict accordance with the specified procedure. A notice shall be given to all Directors at the time required by these Articles of Association and sufficient information shall be given at the same time. The Directors may request additional information. When one-fourth or more of the Directors or two or more of the independent non-executive Directors consider that they are unable to make a decision on the matters concerned due to insufficient information and materials or for whatsoever reason, they may jointly propose to postpone the board meeting or delay the discussion of certain matters to be resolved in the board meeting, and the Board of Directors shall accept the relevant proposal.

**Article 106.** The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting. The attending Directors and the recorder of meeting minutes shall sign the minutes of such meeting. The Directors shall be liable for the resolutions of the Board of Directors. If the resolutions of the Board of Directors violate the laws, administrative regulations or these Articles of Association, which causes the Company to suffer a material loss, the Directors involved in the resolutions are liable to the Company for indemnity. However, Directors may be exempted from such liability if it is verified and recorded in the minutes of the meeting that such Director has expressed his/her objection during voting.

**Article 107.** The Board of Directors shall establish three special committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, and the composition and rules of procedure of which shall be resolved separately by the Board of Directors.

## **Chapter 11. Secretary of the Board of the Company**

**Article 108.** The Company has one secretary of the Board, which is considered as the senior management of the Company.

**Article 109.** The secretary of the Board shall be a natural person with necessary professional knowledge and experience, nominated by the Chairman of the Board of Directors, appointed or dismissed by the Board of Directors. The duties thereof include:

- (1) to ensure that the Company has a complete set of organizational documents and records;
- (2) to act as the liaison between the Company and the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities, and for accepting and organizing the implementation of any assignment from the regulatory authorities;
- (3) to ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (4) to be in charge of matters in relation to information disclosure and management of investor relations of the Company;
- (5) to exercise other duties and powers conferred by the Board of Directors, as well as other duties and powers required by the laws, regulations, these Articles of Association, and the stock exchange in the place where the Company's shares are listed.

**Article 110.** A Director or other senior management of the Company may concurrently serve as the secretary of the Board of the Company. The accountants of the accounting firm which has been engaged by the Company and the management officers of Controlling Shareholders shall not concurrently serve as the secretary of the Board of the Company.

If a Director of the Company concurrently serves as a secretary of the Board of the Company, an action that must be separately carried out by a Director and a secretary of the Board of the Company shall not be acted by such person who holds the offices of Director and secretary of the Board of the Company in dual capacity.

## **Chapter 12. General Managers and Other Senior Management**

**Article 111.** The Company has one General Managers, which is nominated by the Chairman of the Board of Directors, appointed or removed by the Board of Directors. The Company has a number of Deputy General Managers, who are nominated by the General Managers and appointed or dismissed by the Board of Directors. Directors may concurrently serve as General Managers, Deputy General Managers or other senior management.

**Article 112.** The term of office of a General Managers shall be three years and the General Managers can be re-elected and re-appointed.

**Article 113.** The General Managers of the Company is accountable to the Board of Directors and shall exercise the following duties and powers:

- (1) to be in charge of managing the Company's production and operation, and report work to the Board of Directors;
- (2) to organise the implementation of resolutions of the Board of Directors, annual operating plans and investment programmes of the Company;
- (3) to make annual budget scheme and final accounts scheme of the Company, and make recommendations to the Board of Directors;
- (4) to make basic management system and internal management organisation establishment plan;
- (5) to formulate detailed rules of the Company;
- (6) to recommend to the Board of Directors for appointment or removal of the Deputy General Managers and Chief Financial Officer and other senior management in accordance with these Articles of Association and internal control system of the Company;
- (7) to decide to appoint or remove officers of the Company other than those to be appointed or removed by the Board of Directors in accordance with these Articles of Association and internal control system of the Company;
- (8) to determine employee's wages, benefits, rewards and punishment;
- (9) other duties and powers prescribed by these Articles of Association and delegated by the Board of Directors.

**Article 114.** The General Managers shall attend board meetings and, if the General Managers is not a Director, he/she shall not have voting right thereat.

**Article 115.** In the exercise of his/her powers, the General Managers shall comply with the laws, administrative regulations and these Articles of Association, and fulfil his/her duties in good faith and with due diligence.

**Article 116.** The Company shall have one Chief Financial Officer, who shall be appointed or removed by the Board of Directors.

### Chapter 13. Supervisory Committee

**Article 117.** Our Company shall establish a Supervisory Committee, which shall exercise its supervisory powers in accordance with the laws, administrative regulations and these Articles of Association.

**Article 118.** The Supervisory Committee consists of three members and one of them shall be the chairman. The term of office of a Supervisor is three years and the Supervisors can be re-elected and re-appointed.

The appointment and dismissal of the chairman of the Supervisory Committee shall be subject to the approval of two-thirds or more of its members by voting. The resolutions of the Supervisory Committee shall be passed by two-thirds or more of its members by voting.

**Article 119.** The Supervisory Committee shall be composed of the Shareholders' representative(s) and representative(s) of the workers of the Company in an appropriate ratio. In particular, the ratio of the employee representative Supervisor(s) shall be no less than one-third. The employee representative Supervisor(s) shall be elected by the staff and workers congress, the representative staff and workers congress or other forms of democratic election.

**Article 120.** The Directors, General Managers and other senior management of the Company shall not concurrently serve as Supervisors.

**Article 121.** The Supervisory Committee shall be accountable to the shareholders' general meeting, and exercise the following duties and powers:

- (1) to supervise the performance of Directors, General Managers and senior management if they violate laws, administrative regulations or these Articles of Association in fulfilling their duties to the Company, and propose dismissal of Directors and senior management that have violated laws, administrative regulations, these Articles of Association or resolutions of the shareholders' general meeting;
- (2) to demand rectification by Directors and senior management of the Company when the acts of such persons are prejudicial to the Company's interest;
- (3) to review the financial position of the Company;
- (4) to review financial information such as financial reports, business reports, and profit distribution plans as proposed by the Board of Directors to the shareholders' general meetings, and to engage certified public accountants and practising auditors to assist with further examination in the name of the Company if there are any queries;

- (5) to propose the convening of an extraordinary general meeting, and to convene and preside over the shareholders' general meeting when the Board of Directors fails to perform such duties as required by the Company Law;
- (6) to put forward proposals to shareholders' general meetings;
- (7) to negotiate with Directors on behalf of the Company or initiate litigations against Directors;
- (8) to propose the convening of extraordinary general meetings of the Board of Directors;
- (9) to initiate litigations against Directors and senior management pursuant to Article 151 of the Company Law;
- (10) other duties and powers conferred by the laws, administrative regulations and these Articles of Association.

Supervisors may present at meetings of the Board of Directors.

**Article 122.** The Supervisory Committee shall convene at least one meeting every six months, which shall be convened by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, a supervisor who has been elected by more than half of the Supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisors may propose to convene extraordinary meetings of the Supervisory Committee.

**Article 123.** The method for resolving matters by the Supervisory Committee: resolutions of the Supervisory Committee shall be made by way of voting with one vote for each Supervisor in the manner of open and written ballot.

The voting procedure: It is carried out in accordance with the rules of procedure for voting of the Supervisory Committee.

**Article 124.** In the event that the Supervisory Committee discovers any unusual operation of the Company, it may conduct an investigation and, when necessary, may engage such professionals as lawyers and accounting firms to assist in its work. Any reasonable expenses incurred thereby shall be borne by the Company.

**Article 125.** A Supervisor shall carry out his/her supervisory duties honestly and faithfully in accordance with the laws, administrative regulations and these Articles of Association.

**Chapter 14. Qualifications and Obligations of Directors, Supervisors and Senior Management of the Company**

**Article 126.** The following persons may not serve as a Director, Supervisor, the General Managers, or other senior management of the Company:

- (1) a person without or with limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property misappropriation of property or damaging the social economic order, where less than 5 years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offence, where less than five years have elapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has become insolvent and has been liquidated, and who is personally liable for the insolvency of such company or enterprise, and where less than 3 years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise that has had its business license revoked and has been ordered to close down due to violation of law and who is personally liable for such violation, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- (5) a person who has a relatively large amount of debts which have become overdue;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (7) a person who, according to the laws and administrative regulations, is not permitted to be the leader of an enterprise;
- (8) a person who is not a natural person;
- (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five years have elapsed since the date of such conviction;
- (10) other persons stipulated in the relevant laws and regulations of the place where the Company's shares are listed.

**Article 127.** The validity of an act carried out by a Director, General Managers and other senior management on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his/her employment, election or qualification.

**Article 128.** In addition to the obligations imposed by the laws, administrative regulations or the listing rules of the stock exchange in the place where the Company's shares are listed, each of the Company's Directors, Supervisors, General Managers and other senior management owes the following obligations to each Shareholder, in the exercise of the duties and powers entrusted to him/her by the Company:

- (1) not to exceed the Company's scope of business specified in its business license;
- (2) to act bona fide in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including, but not limited to, opportunities beneficial to the Company;
- (4) not to expropriate the personal rights and interests of Shareholders, including, but not limited to, rights to distribution and voting rights, except in a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with these Articles of Association.

**Article 129.** Each of the Company's Directors, Supervisors, General Manage and other senior management owes the duty that in the exercise of his/her powers or discharge of his/her obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

**Article 130.** Each of the Company's Directors, Supervisors, General Managers and other senior management shall perform his/her duties on the principle of fiduciary obligation, and shall not put himself/herself in a position where his/her interests and his/her obligations may conflict. This principle includes (but is not limited to) discharging the following obligations:

- (1) to act bona fide in the best interests of the Company;
- (2) to exercise his/her powers within his/her terms of reference and not to act ultra vires;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of any other party; and unless permitted by the laws, administrative regulations or with the informed consent of the shareholders' general meeting, not to delegate the exercise of his discretion to any other party;
- (4) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;

- (5) unless otherwise provided in these Articles of Association or except with the informed consent of the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property in any way for his/her own benefit without the informed consent of the shareholders' general meeting;
- (7) not to exploit his/her position to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including, but not limited to, opportunities beneficial to the Company;
- (8) not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders' general meeting;
- (9) to comply with these Articles of Association, perform his/her duties faithfully, protect the Company's interests and not to exploit his/her position and power in the Company for his/her own benefit;
- (10) not to compete with the Company in any way without the informed consent of the shareholders' general meeting;
- (11) not to misappropriate the Company's funds, not to open any account in his/her own name or in any other name for the deposit of the Company's assets or funds, not to violate the provisions of these Articles of Association by lending the Company's funds to others or using such assets to provide guarantee for the debts of Shareholders of the Company or other individuals without the consent of the Shareholders' general meeting or the consent of the Board of Directors;
- (12) not to disclose any confidential information in relation to the Company which he/she has obtained during his/her term of office without the informed consent of the shareholders' general meeting; nor shall he/she use such information other than for the Company's benefit, save that disclosure of such information to the court or other competent government authorities is permitted if:
  1. the law so requires;
  2. public interest so warrants;
  3. the interests of the relevant Director, Supervisor, General Managers and other senior management so requires.

Any gain arising from the breach of this Article by the personnel mentioned in this Article shall belong to the Company. Such personnel shall be liable for compensation for any loss of the Company arising therefrom.



**Article 131.** Each Director, Supervisor, General Managers or other senior management of the Company shall not direct the following persons or institutions (the “**related parties**”) to do anything that is not permitted to be done by the Directors, Supervisors, General Managers or other senior management:

- (1) the spouse or minor child of the Company’s Director, Supervisor, General Managers or other senior management;
- (2) the trustee of the Company’s Director, Supervisor, General Managers or other senior management or any person referred to in item (1) of this Article;
- (3) the partner of the Company’s Director, Supervisor, General Managers or other senior management or any person referred to in item (1) and (2) of this Article;
- (4) a company in which the Company’s Director, Supervisor, General Managers or other senior management, whether alone or jointly with the persons referred to in item (1), (2) or (3) of this Article or other Directors, Supervisors, General Managers and other senior management of the Company, has de facto control;
- (5) the directors, supervisors, general managers and other senior management of the controlled company referred to in item (IV) of this Article.

**Article 132.** The fiduciary obligations of a Director, Supervisor, General Managers and other senior management of the Company do not necessarily cease upon termination of their term of office. The obligation of confidentiality in respect of the trade secrets of the Company survives the termination of their term of office. Other obligations may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between the termination and the act concerned and the circumstances and terms under which their relationship with the Company has been terminated.

**Article 133.** Except for circumstances prescribed in Article 57 hereof, a Director, Supervisor, General Managers and other senior management of the Company may be relieved of liability for specific breaches of his obligation with the informed consent of the shareholders’ general meeting.

**Article 134.** Where a Director, Supervisor, General Managers or other senior management of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement (other than the employment contracts between the Company and the Directors, Supervisors, General Managers or other senior management) that has been made or proposed to be made with the Company, he/she shall disclose the nature and extent of his/her interest to the Board of Directors as soon as possible, whether or not such matters are subject to the approval of the Board of Directors under normal circumstances.

Except for the circumstances specified by the stock exchange in the place where the Company's shares are listed, a Director shall not vote on any resolution of the Board of Directors approving any contract, transaction or arrangement or any other relevant proposal in which he/she or any of his/her close associates (as defined under the listing rules of the stock exchange in the place where the Company's shares are listed in effect from time to time) has a material interest nor shall he/she be counted in the quorum present at the meeting.

Unless the interested Director, Supervisor, General Managers or other senior management of the Company has disclosed his/her interest to the Board of Directors as required by the first paragraph of this Article and the relevant matters have been approved by the Board of Directors at a meeting in which he/she was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of obligation by the interested Director, Supervisor, General Managers or other senior management.

A Director, Supervisor, General Managers or other senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which his/her related party is interested.

**Article 135.** Where a Director, Supervisor, General Managers or other senior management of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in the contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be deemed to be a disclosure required by the preceding Article of this Chapter, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the relevant contract conclusion, transaction or arrangement is first taken into consideration by the Company.

**Article 136.** The Company shall not in any manner pay taxes for its Directors, Supervisors, General Managers or other senior management.

**Article 137.** The Company shall not directly or indirectly offer a loan to or provide any guarantee for a loan to a Director, Supervisor, General Managers or other senior management of the Company or the Company's parent company or any of their respective related parties.

The foregoing provision shall not apply to the following circumstances:

- (1) the provision by the Company of a loan or a guarantee for a loan to its subsidiaries;
- (2) the provision by the Company of a loan or a guarantee for a loan or any other funds to any of its Directors, Supervisors, General Managers or other senior management pursuant to their employment contracts which were approved by the shareholders' general meeting for him/her to settle expenditures incurred by him/her for the Company or in performing his/her duties and responsibilities to the Company;

- (3) if the ordinary scope of business of the Company is expanded to include the provision of loans or guarantees for loans, the Company may provide a loan or a guarantee for a loan to any of the relevant Directors, Supervisors, General Managers or other senior management or their respective related parties, provided that the provision of loans or guarantees for loans is on normal commercial terms.

**Article 138.** A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

**Article 139.** A guarantee for a loan provided by the Company in breach of the first paragraph of Article 137 shall not be enforceable against the Company, unless:

- (1) the lender was not aware of the relevant circumstances when he/she provided a loan to a related party of any of the Directors, Supervisors, General Managers and other senior management of the Company or of the Company's Controlling Shareholders;
- (2) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**Article 140.** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of undertaking or property provided by the guarantor to secure the performance of obligations by the obligor.

**Article 141.** Where a Director, Supervisor, General Manager or other senior management of the Company is in breach of his/her obligations owed to the Company, the Company has, in addition to any rights and remedies provided for in the laws and administrative regulations, the right to take the following measures:

- (1) to demand such Director, Supervisor, General Managers or other senior management to compensate for losses sustained by the Company as a result of such breach;
- (2) to rescind any contract or transaction that has been entered into by the Company with such Director, Supervisor, General Managers or other senior management or with a third party (where such third party has known or should have known that such Director, Supervisor, General managers or other senior management as a representative of the Company has breached his/her obligations owed to the Company);
- (3) to demand such Director, Supervisor, General Managers or other senior management to surrender profits obtained as a result of the breach of his/her obligations;
- (4) to recover any monies received by the Director, Supervisor, General Managers or other senior management that should have been received by the Company, including (without limitation) commissions;

- (5) to demand the return of interest earned or which may have been earned by such Director, Supervisor, General Managers or other senior management on the monies that should have been paid to the Company;
- (6) to request for judgment through legal proceedings that the properties acquired by the Director, Supervisor, General Manager and other senior management through his/her breach of obligations shall belong to the Company.

**Article 142.** The Company shall, with the prior approval of the shareholders' general meeting, enter into a written contract with its Directors, Supervisors or senior management with regard to the remunerations. The written contract shall include at least the following provisions:

- (1) an undertaking by the Directors, Supervisors and senior management to the Company to observe and comply with the Company Law, the Special Regulations, these Articles of Association, the codes on takeover and the codes on share repurchases of the stock exchange in the place where the Company's shares are listed, and other rules specified by other stock exchange in the place where the Company's shares are listed, and an agreement that the Company shall have the remedies provided in these Articles of Association, and that neither the contract nor their office is capable of assignment;
- (2) an undertaking by the Directors, Supervisors and senior management to the Company on behalf of each Shareholder to observe and perform their obligations to the Shareholders required by these Articles of Association;
- (3) an arbitration clause as provided in Article 185 hereof. The aforesaid remunerations include:
  - (1) remunerations in respect to their service as Directors, Supervisors or senior management of the Company;
  - (2) remunerations in respect to their service as directors, supervisors or senior management of any subsidiary of the Company;
  - (3) remunerations in respect to the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
  - (4) payment to the Directors or Supervisors as compensation for loss of office or as consideration in connection with his/her retirement.

No proceedings may be brought by a Director or Supervisor against the Company for any benefit due to him/her in respect of the matters mentioned above except pursuant to the contract mentioned above.

**Article 143.** The contracts entered into between the Company and its Directors or Supervisors concerning remunerations shall prescribe that in the event that the Company is being acquired, the Company's Directors and Supervisors shall, subject to the prior approval of shareholders' general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement.

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

- (1) an offer for acquisition made by any person to all Shareholders; or
- (2) an offer for acquisition made by any person such that the offeror will become the Controlling Shareholder.

If the relevant Directors or Supervisor do not comply with this Article, any sum received by them shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis among those persons shall be borne by the relevant Directors or Supervisors and shall not be deducted from the distributed sum.

## **Chapter 15. Party Committee**

**Article 144.** In accordance with the Constitution of the Communist Party of China and with the approval of superior Party organisations, the Company has established the Committee of Poly Property Services Co., Ltd. of the Communist Party of China. Meanwhile, the Company has also established the Discipline Inspection Commission of the Communist Party according to the relevant requirements.

**Article 145.** The Party Committee of the Company shall be elected by the Party member congress, generally with each term of office of 5 years. Regular re-election shall be conducted upon the expiration of the term of office. Each term of office of the Discipline Inspection Commission of the Communist Party shall be the same as the Party Committee of the Company.

**Article 146.** The leadership team of the Party Committee of the Company generally consists of 5 to 9 members and up to a maximum of 11 members, with 1 secretary and 1 to 2 deputy secretaries.

**Article 147.** The Party Committee of the Company shall play the leading role, provide the directions, manage the overall situation, promote implementation and discuss and make decisions on major issues of the Company in accordance with the regulations. Major operational and management issues shall be preliminarily studied and discussed by the Party Committee of the Company, and then be passed to the Board or the management for decisions.

The principal duties are:

- (1) to strengthen the Party's political construction, improve the political awareness, enhance political leading role, improve political competence and guard against political risk of the Company, as well as educate and guide all Party members to resolutely safeguard the position of the Party Central Committee and the whole Party with General Secretary Xi Jinping as the core, resolutely upheld the authority and unified leadership of the Party Central Committee;
- (2) to study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, carry out the principles and policies of the Party and ensure that the major decisions and deployment of the Party Central Committee and the resolutions of superior Party organisations are implemented in the Company, as well as promote the Company to undertake its responsibility and mission, focus on the main responsibilities and principal businesses and serve the major strategies of the country to fully fulfill economic, political and social responsibilities;
- (3) to study and discuss the major operational and management issues of the Company, and support the general meeting, the Board, the Supervisory Committee and the management team in performing their duties in accordance with laws;
- (4) to strengthen the leadership and gate keeping role in the process of selection and appointment of personnel of the Company and enhance the development of the management and talents;
- (5) to undertake the main responsibility of the Company to govern the Party comprehensively with strict discipline, support the discipline inspection institution to fulfill its supervisory responsibility and promote Party self-governance exercised strictly and fully and with rigor into the grassroots level;
- (6) to strengthen the building of working style of the Party in the Company, strictly implement the spirit of the eight-point code of conduct issued by the Party Central Committee and take a firm stand against undesirable work styles, such as formalism, bureaucracy, hedonism and extravagance, especially the formalism and bureaucracy;
- (7) to strengthen the building of grassroots Party organisations and the Party member team, and unite and lead employees to devote themselves into the reform and development of the Company;
- (8) to lead the ideological and political work, the spirit and civilisation construction and the united front work of the Company, as well as lead mass organisations such as the Labor Union and Communist Youth League of the Company.

**Article 148.** The Company adheres and improved the leadership mechanism of “Dual Entry and Cross Appointment”. Eligible members of the Party Committee may be appointed to join the Board of Directors, the Supervisory Committee and the management team through statutory procedures, and eligible Party members in the Board of Directors, the Supervisory Committee and the management may be appointed to join the Party Committee in accordance with the relevant regulations and procedures.

The positions of secretary of the Party Committee and the chairman of the Party members shall be generally held by the same person. The general manager of the Party members shall serve as the deputy secretary. According to work requirements, the general manager of the Party members may also serve as the secretary. The Party committee may appoint a designated deputy secretary in charge of building of the Party.

## **Chapter 16. Financial Accounting System**

**Article 149.** The Company shall establish its financial and accounting system in accordance with relevant laws and administrative regulations, and PRC accounting standards formulated by the competent financial authorities in the PRC.

**Article 150.** The Company shall adopt RMB as its reporting currency.

The Company shall prepare a financial report at the end of each financial year, and such financial report shall be audited in compliance with laws.

Any financial report shall be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the place outside the PRC where the Company’s shares are listed. If there are significant discrepancies in the financial reports separately prepared based on above two standards, the notes shall be added in the financial report prepared in accordance with either international accounting standards or those of the place outside the PRC where the Company’s shares are listed.

In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown respectively in the abovementioned two financial reports shall be adopted.

**Article 151.** The Board of Directors of the Company shall make available before the Shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities.

**Article 152.** The Company shall not maintain books of accounts other than those provided for by laws. The Company’s assets shall not be deposited in an account maintained in the name of any individual.

**Article 153.** The financial report of the Company referred to in the preceding paragraphs shall be kept at the Company and shall be made available to the Shareholders 20 days before the annual general meeting is held. Each Shareholder shall have the right to obtain the financial report mentioned in this chapter.

The financial report mentioned in the preceding paragraph shall comprise the directors' report, together with the balance sheet (including all other documents to be annexed as required by the PRC or other laws and administrative regulations) and the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow), or (subject to the relevant laws of the PRC) the summary financial report as approved by the stock exchange in the place where the Company's shares are listed.

The Company shall send the report mentioned above to each holder of overseas listed shares by hand or prepaid mail at least 21 days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the register of shareholders. Under the premise of complying with the relevant laws, administrative regulations, departmental regulations, the relevant rules of the securities regulatory authorities in the place where the Company's shares are listed, the Company may adopt announcement (including make announcement on the Company's website).

**Article 154.** The Company shall publish two financial reports in each financial year; the interim financial report shall be published within 60 days after the end of the first six months of a financial year; the annual financial report shall be published within 120 days after the end of the financial year. If provisions otherwise provided by the listing rules of the stock exchange in the place where the Company's shares are listed, these provisions shall apply.

The interim financial results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards or regulations, and at the same time in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed.

## **Chapter 17. Profit Distribution**

**Article 155.** The Company shall, when distributing its after-tax profits of the year, withdraw 10% of the profits into the Company's statutory reserve fund. The Company may not withdraw a statutory reserve fund if the cumulative amount has reached 50% or more of the Company's registered capital.

If the Company's statutory reserve fund could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing, according to the foregoing provision, the statutory reserve fund.

After the Company has withdrawn the statutory reserve fund from the after-tax profits, the Company may also withdraw discretionary statutory reserve fund from the after-tax profits upon the approval of the shareholders' general meeting.



After losses have been covered and the statutory reserve fund has been allocated, any remaining after-tax profits shall be the profits available to Shareholders, which shall be distributed to the Shareholders in proportion to their shareholdings according to resolutions of the shareholders' general meeting.

Where the shareholders' general meeting distributes profits to Shareholders before losses have been covered and the statutory reserve fund has been allocated, which is in violation of the foregoing provision, the Shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.

The shares of the Company held by the Company shall not be subject to profit distribution.

**Article 156.** Capital reserve fund includes the following items:

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

**Article 157.** The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or increasing the capital of the Company, but the capital reserve fund cannot be applied for making up for losses of the Company.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

**Article 158.** The Company may distribute dividends in the form of (or a combination of both):

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

**Article 159.** Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to receive a dividend subsequently declared.

**Article 160.** The Company shall appoint collection agents in Hong Kong for holders of overseas listed shares. The collection agents shall, on behalf of the related Shareholders, collect and safekeeping distributed dividends and other payables by the Company for the overseas listed shares so as to make a payment for related Shareholders.

The collection agents appointed by the Company shall be in compliance with the requirements of the laws or the rules of stock exchange in the place where the Company's shares are listed.

The collection agents appointed by the Company for holders of overseas listed shares, shall be trust companies registered pursuant to Hong Kong Trustee Ordinance.

As for unclaimed dividends, in compliance with the laws, regulations of PRC, the Company may exercise the right of confiscation, but it shall not be exercised until the expiry of the six-year period after the date of the dividend announcement.

The Company has the power to cease sending dividend warrants by post to a holder of overseas listed shares if such warrants have been left uncashed. The Company shall only exercise such power until such warrants have been so left uncashed on two consecutive occasions. Nevertheless, the Company may exercise such power after the first occasion on which such undelivered warrants are returned.

In relation to the exercise of right to issue warrants to bearer, no new warrant shall be issued to replace one that has been lost unless the Company is satisfied beyond a reasonable doubt that the original warrant has been destroyed.

The Company may sell the shares held by a holder of overseas listed shares who is untraceable in such ways as the Board of Directors thinks fit, provided that the following conditions shall be complied with:

- (1) at least three dividends have been distributed in respect of such shares during the period of 12 years, and no dividend has been claimed by the Shareholder during that period; and
- (2) upon the expiry of the 12-year period, the Company shall make announcement in one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and notify the stock exchange in the place where the Company's shares are listed of such intention.

### **Chapter 18. Audit**

**Article 161.** The Company shall implement an internal audit system, assign primary and part-time auditors as needed, and conduct internal audit and supervision over the Company's financial income and expense and economic activities.

**Article 162.** The Company's internal audit system and the duties of the auditors shall be implemented upon approval of the Board of Directors. The person in charge of audit shall be responsible for and report to the Board of Directors.

### **Chapter 19. Appointment of Accountant Firm**

**Article 163.** The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the Company's annual financial reports and verify other financial reports of the Company.

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

**Article 164.** The accounting firm appointed by the Company shall hold their position from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

**Article 165.** The accounting firm appointed by the Company shall have the following rights:

- (1) the right to review the books, records and documents of the Company at any time, the right to require the Directors, General Managers or other senior management officers of the Company to provide relevant information and explanation;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the discharge of its duties;
- (3) the right to attend shareholders' general meetings and to receive all notices of, and other information relating to, any general meeting which any Shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accounting firm.

The Company shall provide the accounting firm appointed with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information. The Company shall not refuse to provide or hide the same or make false reports.

**Article 166.** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act in this capacity during the period in which a vacancy exists.

**Article 167.** The shareholders in a shareholders' general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the firm and the Company. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.

**Article 168.** The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the shareholders' general meeting.

**Article 169.** The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by a shareholder' general meeting. Such resolution shall be filed with the securities regulatory authorities of the State Council.

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

- (1) Before notice of meeting is given to the shareholders, a copy of the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year;

Leaving includes leaving by removal, resignation and retirement.

- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures:
  1. in any notice of meeting held for making the resolution, state the fact that the departing accounting firm has made such representations; and
  2. attach a copy of the representations to the notice and send it to every shareholder entitled to notice of general meeting in the manner stipulated in these Articles of Association.
- (3) If the Company fails to send out the accounting firm's representations in the manner set out in item (2) of this Article, such accounting firm may require that the representations be read out at the shareholders' general meeting and may make further representations;
- (4) An accounting firm that is leaving its post shall be entitled to attend:
  1. The shareholders' general meeting at which its term of office would otherwise have expired;
  2. The shareholders' general meeting at that it is proposed to fill the vacancy caused by its removal;
  3. The shareholders' general meeting that is convened as a result of its resignation.

The accounting firm shall be entitled to receive all notices of, and other communications relating to, such meetings, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

**Article 170.** If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it shall notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

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

1. a statement to the effect that there are no circumstances connected with its resignation that it considers must be brought to the attention of the Shareholders or creditors of the Company; or
2. a statement of any such circumstances that should be explained.

The Company shall, within 14 days of the receipt of the written notice referred to in item 2 of this Article, send a copy of the notice to the relevant competent authority. If the notice contains a statement under item 2 of this Article, a copy of such statement shall be placed at the Company for shareholders inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed shares (namely being the Shareholder who is entitled to receive the financial report of the Company) at the address recorded in the register of shareholders.

If the accounting firm's notice of resignation contains a statement under item 2 of this Article, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

## **Chapter 20. Merger and Demerger of the Company**

**Article 171.** In the event of the merger or division of the Company, the Company's Board of Directors shall put forward a proposal and shall be approved in accordance with the procedures stipulated in these Articles of Association. The Company shall then go through the relevant approval formalities pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the Shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of on the merger or division of the Company shall be contained in special documents which shall be available for inspection by the Shareholders.

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

**Article 172.** The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date of on which the resolution in favour of the merger is adopted and shall publish an announcement in a newspaper in compliance with legal requirements within 30 days from the date of such resolution. The creditors have the right to ask for the Company's settlement of the debts or provision of corresponding guarantee within 30 days from the receipt of the notice or within 45 days from the date of the announcement in case of non-receipt of the notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

**Article 173.** In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favour of the division and shall publish an announcement in a newspaper in compliance with legal requirements within 30 days from the date of such resolution.

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

**Article 174.** The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **Chapter 21. Dissolution and Liquidation of the Company**

**Article 175.** In any of the following circumstances, the Company shall be dissolved:

- (1) the special resolution of shareholders' general meeting has resolved to dissolve the Company;
- (2) merger or division of the Company requires a dissolution;
- (3) the business licence is revoked in accordance with the law, or the Company is ordered to close or is cancelled;
- (4) be ordered to close down in violation of laws and administrative regulations;

- (5) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the Shareholders, and no solution can be found through any other means, the Shareholders holding ten percent or more of the total voting rights of the Company may request the People's Court to dissolve the Company;
- (6) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;
- (7) the term of its operations specified in these Articles of Association has expired and other circumstance for dissolution specified in these Articles of Association has occurred.

The Company may continue its operation if it is to be dissolved by reason of item (7) above by amending these Articles of Association.

**Article 176.** Where the Company is dissolved in the circumstances described in item (1), (3), (5), or (7) of Article 175 hereof, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the Company's liquidation group shall be determined by the shareholders' general meeting through ordinary resolutions. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group.

Where the Company is dissolved in the circumstances described in item (4) of Article 175 hereof, the relevant authorities shall establish a liquidation group comprising the Shareholders, relevant authorities and professionals for liquidation purpose.

Where the Company is dissolved in the circumstance described in item (6) of Article 175 hereof, the people's court shall establish a liquidation group comprising the Shareholders, relevant authorities and professionals for liquidation purpose in accordance with the laws.

**Article 177.** Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board of Directors shall cease.

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

**Article 178.** The liquidation group shall exercise the following powers during the liquidation period:

- (1) to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- (2) to notify creditors through notice or public announcement;
- (3) to deal with the company's outstanding businesses related to liquidation;
- (4) to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- (5) to claim credits and pay off debts;
- (6) to handle the company's remaining assets after its debts have been paid off;
- (7) to represent the company in civil lawsuits.

**Article 179.** The liquidation group shall notify the creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his/her claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he/she did not receive any notification.

A creditor shall state all matters relevant to his/her creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights.

The liquidation group shall not make any debt settlement to creditors during the period of claim.

**Article 180.** Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

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

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

During the liquidation period, the Company shall not commence any new business activities.



**Article 181.** Upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration for bankruptcy by the people's court, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

**Article 182.** Following the completion of the liquidation, the liquidation group shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by a certified public accountant of the PRC, and then submitted to the shareholders' general meeting or a people's court for confirmation. Furthermore, within 30 days of the date of confirmation by the shareholders' general meeting or the people's court, the aforesaid documents shall be submitted to the company registration authority for application for cancelling the registration of the Company and a public announcement shall be made for the termination of the Company.

## **Chapter 22. Amendments to the Articles of Association**

**Article 183.** The Company may amend these Articles of Association according to the provisions of the laws, administrative regulations and these Articles of Association.

**Article 184.** Amendments to these Articles of Association shall become effective from the date of approval by the shareholders' general meeting through special resolution. Where any amendment involves the registered particulars of the Company, application shall be made for change of registration in accordance with the laws.

## **Chapter 23. Settlement of Disputes**

**Article 185.** The Company shall abide by the following principles for settlement of disputes:

- (1) Whenever any disputes or claims of rights arise between holders of overseas listed shares and the Company, the Company and the Company's Directors, Supervisors, General Manager or other senior management, holders of overseas listed shares and the Company's Directors, Supervisors, General Manager or other senior management, or holders of overseas listed shares and holders of domestic shares, in respect to any rights or obligations arising from these Articles of Association, Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration.

Where the aforesaid disputes or claims of rights are referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the disputes or claims or whose participation is necessary for the resolution of such disputes or claims, shall, where such person is the Company or the Company's Shareholders, Directors, Supervisors, General Manager or other senior management, comply with the decisions made through arbitration.

Disputes in respect to the definition of Shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

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

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

- (3) If any disputes or claims of rights arising from the item (1) above are settled by way of arbitration, the laws of the People's Republic of China (excluding the Special Administrative Region of Hong Kong, the Special Administrative Region of Macau and Taiwan) shall apply, unless otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitration tribunal shall be final and conclusive and binding on all parties.
- (5) In any agreement entered into between the Directors, senior management and the Company concerning the provisions for settlement of disputes specified in this Article, the Company act on behalf of both itself and each Shareholder.
- (6) Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award.

## Chapter 24. Supplementary Provisions

**Article 186.** In these Articles of Association, the meaning of the expression of “accounting firm” is the same as that of “auditor”.

**Article 187.** In these Articles of Association, the expression of “de facto controller” shall mean the person who is not a Shareholder of the Company but is able to actually control the acts of the Company through an investment, agreement or other arrangement.

**Article 188.** In these Articles of Association, the expression of “no less than”, “within” or “no more than” shall include the underlying number; “beyond”, “less than”, “more than”, “exceed”, “over” or “other than” shall not include the underlying number; and “day” shall represent “natural day”.

**Article 189.** In these Articles of Association, the expression of “connected transaction” shall have the meaning ascribed to it by the listing rules of the stock exchange in the place where the Company’s shares are listed.

**Article 190.** In these Articles of Association, the expression of “state” shall mean the People’s Republic of China.

**Article 191.** These Articles of Association are written in Chinese. Should there be any discrepancy between the versions in other languages and the Chinese version, the Chinese version shall prevail.

**Article 192.** The power of interpretation of these Articles of Association shall be vested in the Board of Directors of the Company. Any matters not covered in these Articles of Association shall be proposed by the Board of Directors at the shareholders’ general meeting for consideration and approval.

**Poly Property Services Co., Ltd.**