

# **China International Marine Containers (Group) Co., Ltd.**

## **Rules of Procedure for the Board of Directors**

(Considered and passed at the general meeting held on January 15, 2019)

### **CHAPTER I GENERAL PROVISIONS**

**Article 1** The Rules of Procedure for the board of directors (the “Board”) of China International Marine Containers (Group) Co., Ltd. (the “Company”) (the “Rules of Procedure”) are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), Guidelines for Establishing Independent Directors System in Listed Companies (the “**Independent Directors Guidelines**”)

- (2) no more than five years have lapsed since termination of the execution period for penalty on a crime of corruption, bribery, encroachment of property, embezzlement or disrupting socialist economic order, or no more than five years have lapsed since termination of the execution period for deprivation of political rights due to committing a crime;
- (3) no more than three years have lapsed since conclusion of liquidation owing to the bankruptcy of a company or enterprise where the person served as a director or factory manager or president and was personally liable for the bankruptcy;
- (4) no more than three years have lapsed since the date of cancellation of the business license and winding-up of a company or enterprise on account of illegal business operations where the person served as the legal representative and was personally liable;
- (5) a relatively large amount of personal debt is overdue but remains unpaid;
- (6) the person is under investigation by the judicial authorities after a claim has been brought for breaking criminal law, pending conclusion of the case;
- (7) the person is not eligible for enterprise leadership under the laws and administrative regulations;
- (8) the person is not a natural person;
- (9) no more than five years have lapsed since the person was found guilty of violating relevant securities regulations and involved in fraud or dishonesty as adjudged by relevant regulatory authorities;
- (10) the person is currently being prohibited from participating in securities market by the China Securities Regulatory Commission and such barring period has not elapsed;
- (11) no more than two years have lapsed since the Shanghai Stock Exchange or the Shenzhen Stock Exchange has declared the person to be inappropriate; and
- (12) other circumstances specified by laws, administrative regulations or rules.

For any election and appointment of a director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a director falls into any of the aforesaid circumstances in his/her term of office, the director shall be removed from office.

**Article 7** New director shall, within one month after being appointed at the general meeting, sign a “directors’ declaration and undertaking” and submit it to the Board and the Shenzhen Stock Exchange for filing.

**Article 8** Directors shall be elected or replaced by the general meeting. The term of office of directors is three years, renewable upon re-election at its expiry. A director may not be removed from office by the shareholders’ general meeting without any reason before his/her term of office expires. The general meeting may by ordinary resolution remove any director before the expiry of his/her term of office (but without prejudice to such director’s right to claim damages under any contract), subject to full compliance with the relevant laws and administrative regulations.

Written notice of the intention to nominate candidates for directors and their consent to accept the nomination shall be lodged with the Company after the despatch of the notice of the general meeting and no later than seven days before the holding of the general meeting. The minimum notice period of such written notice is seven days.

**Article 9** The term of office of directors commences from the date of appointment up to the expiry of the current term of office of the Board. In the event that the term of a director falls upon expiry whereas the new member of the Board is not re-elected in time, the existing director shall continue to perform his/her duties in accordance with laws, administrative regulations, rules of regulatory authorities and the provisions of the Articles of Association until the re-elected director assumes office.

**Article 10** The Chairman and Vice Chairman shall be the directors of the Company and shall be elected and removed by a simple majority of votes (more than five directors) of all directors.

## **Section 2 Directors**

**Article 11** Directors shall comply with the laws, administrative regulations and the Articles of Association, and shall fulfill obligations to the Company as follows:

- (1) not to abuse his/her position to accept bribes or other illegal income or misappropriate the properties of the Company;
- (2) not to misappropriate the funds of the Company;
- (3) not to set up accounts in his/her own name or in the name of any other person for the purpose of depositing any of the assets or funds of the Company;
- (4) not to lend funds of the Company to any other person or use the property of the Company to provide guarantee for any other person without the consent of the shareholders' general meeting or the Board in contravention of the provisions of the Articles of Association;
- (5) not to enter into contracts or carry out transactions with the Company in contravention of the provisions of the Articles of Association or without the consent of the shareholders' general meeting;
- (6) not to, without the consent of the shareholders' general meeting, abuse his/her position to seize business opportunities for himself/herself or for other persons which should otherwise belong to the Company, or operate a business similar to that of the Company for himself/herself or for other persons;
- (7) not to misappropriate commissions derived from transactions entered into by the Company;
- (8) not to disclose confidential information of the Company without permission;
- (9) not to abuse his/her connections with the Company to jeopardize the interests of the Company;
- (10) other faithful obligations as required by the laws, administrative regulations, departmental rules and the Articles of Association.



Other than the circumstances referred to in the preceding paragraph, the resignation of a director shall become effective upon submission of his/her resignation report to the Board.

**Article 18** Upon a director's resignation becoming effective or at the expiry of his/her term of office, the director shall complete all handover procedures with the Board, and his/her fiduciary obligations to the Company and the shareholders shall not necessarily cease after the termination of tenure and shall remain effective within one year after the termination of tenure.

**Article 19** Directors may receive appropriate remuneration. The Board shall propose plans on the amount of remuneration and the manner of receiving the same for the shareholders' general meeting to approve.

The Company shall not in any manner pay taxes for or on behalf of its directors.

### **Section 3 Chairman of the Board**

**Article 20** Chairman of the Board is the legal representative of the Company.

**Article 21** The Chairman of the Board shall perform the following duties and powers:

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (2) to supervise and monitor the implementation of resolutions of Board meetings;
- (3) to sign share certificates, debentures and other quoted securities of the Company;
- (4) to sign important documents of the Board and other documents which should be signed by the Company's legal representative;
- (5) to exercise the authority and powers of a legal representative;
- (6) to exercise special discretionary power on corporate affairs in accordance with laws and in the Company's interests in case of emergency situations such as the occurrence of natural disasters of an exceptional scale and other force majeure events, and provide aftermath reports to the Board and shareholders' general meeting;
- (7) other duties and powers as authorised by the Board.

**Article 22** The vice Chairman shall assist the Chairman in performing his/her duties. If the Chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice Chairman. If the vice Chairman is unable or fails to perform his/her duties, a director shall be elected jointly by more than half of all directors to perform such duties.

## **CHAPTER IV INDEPENDENT DIRECTOR(S)**

**Article 23** The Company shall have three independent directors. And at least one of them shall have appropriate professional qualifications or accounting or related accounting management expertise.

Independent directors refer to directors who assume no other office except as a director in the Company, and have no relationship with the Company and substantial shareholders which may hinder his/her independent and objective judgment.

**Article 24** Independent directors shall have the duty to act in good faith and conduct due diligence for the benefit of the Company and all its shareholders. An independent director shall exercise his/her duties seriously to protect the interests of the Company as a whole, especially protecting the legal interests of minority shareholders from being infringed in accordance with the requirements of relevant laws and regulations.

An independent director shall perform his duties independently and not be affected by the Company's substantial shareholders, de facto controller or other entities or individuals that is interested in the Company.

**Article 25** The independent Directors shall attend the Board meeting as scheduled, understand the Company's production and operation, and actively investigate and obtain the conditions and information necessary for decision-making.

The independent directors shall submit the annual report to the Company's annual general meeting to state the performance of their duties.

**Article 26** Independent directors to be appointed shall satisfy the following fundamental requirements:

- (1) to be qualified for directors of listed companies as provided in laws, administrative regulations and other relevant regulations;
- (2) to be independent as required by administrative regulations and other relevant regulations;
- (3) to be in command of the basic knowledge of the operation of listed companies, and be familiar with relevant laws, administrative regulations, and regulations and rules;
- (4) having at least five years of work experiences in legal, economic areas or other experiences indispensable for performing the duties as independent directors;
- (5) other conditions provided by the Articles of Association; and
- (6) to meet the requirements for the qualification of an independent director as prescribed in the Hong Kong Listing Rules.

**Article 27** Independent directors shall be independent. The following persons shall not act as independent directors:

- (1) the employees of the Company or its subsidiaries, and their lineal relatives and major social connections (lineal relatives refer to spouses, parents and children, and the major social connections refer to brothers and sisters, parents-in-law, daughters-in-law, sons-in-law, spouses of brothers and sisters, and brothers and sisters of spouses);
- (2) the natural person shareholders directly or indirectly holding more than 1% of issued shares of the Company or any of the ten largest shareholders of the Company and their lineal relatives;
- (3) persons who hold a position in the shareholders directly or indirectly holding more than 5% of issued shares of the Company or any of the five largest shareholders of the Company and their lineal relatives;
- (4) persons who, at any time during the immediately preceding period of one year, have fallen into any of the three categories listed above;
- (5) persons providing financial, legal and consultation services to the Company or its subsidiaries;
- (6) other persons specified by the Articles of Association; and
- (7) other persons as prescribed by the China Securities Regulatory Commission.

**Article 28** The Board, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of issued shares of the Company are entitled to nominate independent directors to be elected at the general meetings.

**Article 29** Nominator(s) of independent directors shall obtain the consent of the nominee prior to any nomination. The nominator shall acquire all the personal particulars of his/her nominee as to their profession, education, job position, detailed work experiences, and all part-time jobs, and comment on their qualifications and independence for the post of independent directors. The nominee shall make announcement that they have no relationship with the Company to hinder its independent and objective judgment.

Prior to the general meeting for independent directors' election, the Board of the Company shall make announcement regarding the above matters pursuant to the regulations.

**Article 30** At the time when the Company issues the notice of the shareholders' general meeting convened for the election of independent directors, the Company shall submit the relevant information of all nominees (including, but not limited to, the nominator's declaration, the candidate's declaration, and the independent director's biographical details) to the Shenzhen Stock Exchange. In the case that the Board has objection to the relevant information on the nominees, a written opinion of the Board shall be also submitted.

In accordance with the "Guidelines of China Securities Regulatory Commission for Establishing Independent Directors System in Listed Companies", the Shenzhen Stock Exchange may review the qualification and independence of the candidate within 15 working days from the day the above-mentioned information are received. In the event that the candidate is objected by the Shenzhen Stock Exchange, the Company shall immediately amend relevant proposals for election of independent directors and publish an announcement, and shall not propose such candidate to the shareholders' general meeting for election of independent directors, but such candidate is eligible for election as a director.

**Article 31** When holding a shareholders' general meeting for the election of independent directors, the Board of the Company shall clarify whether the candidate has been objected by the Stock Exchange.

**Article 32** The term of office of the independent directors shall be the same as that of the directors for each session, and they may be re-appointed consecutively on expiration, however, they shall not be re-appointed for two consecutive sessions or more.

Upon expiration of two sessions of the term of office, the independent directors may continue to act as directors rather than independent directors.

**Article 33** Apart from performing the general duties as a director, the independent directors shall issue their independent opinions to the Board or general meetings in respect of the following matters:

- (1) nomination, appointment and removal of directors;
- (2) appointment or removal of senior management member;
- (3) remuneration of directors and senior management member of the Company;
- (4) borrowings or other fund transfers, existing or newly occurred, advanced by the Company to its shareholders, de facto controllers and their related enterprises involving the amounts of more than RMB3 million or 5% of the latest audited net assets value of the Company and whether the Company has adopted any effective measures to recover the debts;
- (5) any matter deemed by independent directors as possibly prejudicing the interests of minority shareholders;
- (6) to make a specific statement in the annual reports on the accrual and current external



**Article 35** In addition to the powers of directors conferred by laws and administrative regulations, the Company shall grant the following special powers to the independent directors:

- (1) Substantial connected transactions (representing the connected transactions proposed to be entered into between the Company and a connected person with a total amount exceeding RMB3,000,000 or 5% of the Company's latest audited net assets value) shall be approved by independent directors before submission to the Board for discussion;

Before making a judgment, independent directors may appoint an intermediary to issue the report of independent financial adviser as the basis for their judgment.

- (2) to propose to the Board for the appointment or removal of accounting firms;
- (3) to propose to the Board to convene extraordinary general meetings;
- (4) to propose to convene the Board meetings;
- (5) to engage independently external auditors and advisers;
- (6) to publicly obtain the rights to vote from the shareholders prior to the general meetings.

To exercise the above-mentioned powers, the independent director(s) shall obtain the consent of more than half of all the independent directors.

Where any such proposal is not adopted or any such power cannot be exercised normally, the Company shall disclose the relevant information.

**Article 36** Upon unanimous consent of all the independent directors, independent directors may appoint external auditing and consulting agencies independently to provide auditing or consulting services on specific matters of the Company at the expense of the Company.

**Article 37** The Company shall provide all the necessary conditions to the independent directors:

- (1) The Company shall ensure that independent directors are entitled to the same right to information as other directors. For the matters required to be decided by the Board, the Company shall advise the independent directors in advance within stipulated time and provide them with adequate information. If the independent directors think that the said information is insufficient, the independent directors are entitled to request supplemental information. Where two or more independent directors are of the view that the information is insufficient or the demonstrations are not specific, they may jointly propose in writing to the Board to postpone the meeting of the Board or the discussion of the matter in question, and the Board is obliged to accept such proposal. The information provided by the Company to the independent directors shall be kept by the Company and the independent directors for a period of no less than five years;
- (2) The Company shall provide the independent directors with the necessary working conditions to perform their duties. The secretary to the Board of the Company shall assist the independent directors in the performance of their duties, including but not limited to the provision of briefing and materials. The secretary to the Board shall undergo relevant procedures in respect of the announcement at the Shenzhen Stock Exchange in due course in relation to the independent opinion, proposals and written statement required to be announced;

- (3) When the independent directors are performing their duties, employees of the Company shall cooperate with them practically and shall not refuse, obstruct, or conceal or interfere with the exercise of their powers independently;
- (4) Expenses regarding engaging intermediaries by the independent directors or other expenses necessary for exercise of their powers shall be borne by the Company;
- (5) The Company shall pay the independent directors subsidies of appropriate sums. The standards of the said subsidies shall be proposed by the Board and approved by the general meeting and shall be disclosed in the annual report of the Company. Apart from the above-mentioned subsidies, the independent directors shall not acquire other additional and undisclosed interests from the Company and its substantial shareholders or institutions and officers of common interests with the Company;
- (6) The Company shall establish the necessary insurance mechanism for independent directors to minimize risks possibly incurred by normal performance of the duties of the independent directors.

**Article 38** Independent directors shall convene meeting of the independent directors at least once each year to exchange working experiences, summarize experiences and lessons and probe into working ideas.

**Article 39** In case an independent director fails to personally attend the Board meetings three times consecutively, the Board shall recommend the shareholders' general meeting to remove such independent director.

**Article 40** Save as stated above and the provisions of Article 6 of the Rules of Procedure and the Articles of Association which provide for the conditions when an independent director shall not be an independent director, an independent director shall not be removed before the expiry of his/her term. In the case of any early removal, the Company shall make a special disclosure thereof. Any removed independent director who thinks that the Company has not any proper reason to remove him/her may make public statement.

**Article 41** Any independent director may resign before the expiry of his/her term. A resigning independent director shall deliver his/her written notice of resignation to the Board, and shall make a statement on any conditions related to his/her resignation or conditions which he/she considers the shareholders and creditors of the Company shall be brought to attention.

If the proportion of independent directors of the Board of the Company falls below the minimum statutory requirement as provided in relevant regulations as a result of the resignation of independent director, the resignation report of such independent director shall only be effective upon his/her vacancy is filled by the newly appointed independent director.

**Article 42** Shareholders individually or jointly hold more than 1% of shares of the Company may challenge the independent director or propose removal against the said independent director in the belief that the said independent director has no qualification or competency to exercise his/her duties or fail to perform his/her duties independently or fail to safeguard the legal interests of the Company and the middle and small investors therein. The independent director questioned shall responsively make explanation and disclosure about the inquiry. The Board of the Company shall, upon receipt of the relevant inquiry or proposed removal, responsively hold a special meeting for discussion, and disclose the results thereof.

## **Section 5 Secretary to the Board**

**Article 43** The Board shall have a secretary to the Board, who shall be a senior management member of the Company and report to the Board.

**Article 44** The secretary to the Board shall have necessary professional expertise and related work experience, be familiar with corporate operations, have at least a college degree with a major in banking, securities, finance, accounting, law or business management, etc., have good professional ethics and personal quality and obtain a Board Secretary Qualification Certificate issued by the Shenzhen Stock Exchange, and shall be appointed by the Board.

Apart from the conditions specified in other clauses of this section, the secretary to the Board shall be equipped with the following qualifications:

- (1) The secretary to the Board shall be a natural person with at least a college degree and working experience as a secretary or in management and equity matters for more than three years;
- (2) The secretary to the Board shall have such relevant knowledge as accounting, tax, law, finance and enterprise management and excellent personal qualities and professional ethics, strictly abide by the relevant laws, administrative regulations and rules, perform duties faithfully and be able to handle public affairs.

**Article 45** A person who falls within any of the following circumstances shall not serve as the secretary to the Board of the Company:

- (1) any of the circumstances as stipulated under Article 6 hereof;
- (2) has been subject to any administrative penalty or criticism by the China Securities Regulatory Commission in last 3 years;
- (3) has been publicly reprimanded or criticized more than 3 times by any stock exchange in last 3 years;
- (4) is an existing supervisor of the Company;
- (5) any other circumstances that the Shenzhen Stock Exchange considers such person being unsuitable to serve as the secretary to the Board.

**Article 46** The primary duties of the secretary to the Board are:

- (1) to be responsible for the communication and liaison between the Company and the related parties and the Shenzhen Stock Exchange and other securities regulatory authorities, to ensure that the Shenzhen Stock Exchange can have an established working contact with the Company at any time;
- (2) to be responsible for dealing with the disclosure of corporate information, to urge the Company to develop and implement a system of information disclosure and an internal reporting system of material information in order to facilitate the Company and the related parties in carrying out their information disclosure obligations according to the relevant laws, and handle disclosure of the regular reports and the extraordinary reports to the Shenzhen Stock Exchange in accordance with the relevant requirements;

- (3) to coordinate and manage the relationship between the Company and its investors, to play host to investors' visits, to answer investors' enquiries, and to provide investors with access to information disclosed by of the Company;
- (4) to prepare Board meetings and general meetings in accordance with the legal procedures, and to prepare and submit the documents to be considered for the relevant meetings;
- (5) to participate in Board meetings and produce signed minutes of meetings;
- (6) to be responsible for the confidentiality of corporate information prior to its disclosure, to draw up relevant confidentiality measures, to procure all members of the Board of the Company and relevant informed persons to keep information in confidentiality prior to its disclosure, and to take timely remedial measures upon leaks of insider information and to report the same to the Shenzhen Stock Exchange;
- (7) to be responsible for keeping the Company's register of members and directors, as well as the information about the holding of shares in the Company by the major shareholders, directors, supervisors and senior management personnel, and the documents and minutes of Board meetings and general meetings and so on;
- (8) to assist the directors, supervisors and senior management personnel to understand laws related to information disclosure, administrative regulations, rules, other regulatory documents and the Articles of Association, as well as their legal responsibilities under the listing agreement;
- (9) to procure the Board to exercise its duties and powers lawfully; to alert directors present at the meeting of any potential violation of the laws, administrative regulations, rules, other regulatory documents and the Articles of Association that a Board resolution intended to be made at a meeting of the Board may cause, and to seek the views of the attending supervisors in this respect; if the aforesaid resolution is insisted upon by the Board, the secretary to the Board shall record the views of relevant supervisors and individuals in the minutes, and promptly report to the Shenzhen Stock Exchange;
- (10) to discharge such other duties as provided by the relevant laws, administrative regulations and other regulatory documents.

**Article 47** For the purpose of exercising his/her duties and functions, the secretary to the Board is entitled to access the financial situation and business operation of the Company, to attend relevant meetings involving information disclosure, to consult all documents related to information disclosure, to request relevant departments and staff of the Company to provide relevant documents and information at an appropriate time.

If the secretary to the Board encounters improper or significant interruption when performing his/her duties, he/she may report directly to the Shenzhen Stock Exchange.

**Article 48** The Company shall take an active role in establishing an adequate system of investor relationship management and enhancing communications between the Company and its shareholders, especially its public shareholders, through various channels. The secretary to the Board shall be responsible for the management of investor relationships of the Company.

**Article 49** The Company shall submit relevant information on the candidate of the secretary to the Board to the Shenzhen Stock Exchange in five business days prior to the meeting for election of the secretary to the Board. If the Shenzhen Stock Exchange raises no objection within five business days after it receives such information, the Board may appoint such person.

**Article 50** A director or other senior management personnel of the Company may concurrently serve as the secretary to the Board. No accountant of the accounting firm or attorney of the law firm engaged by the Company shall concurrently serve as the secretary to the Board.

Where a director concurrently serves as the secretary to the Board and a certain act needs to be done by directors and the secretary to the Board respectively, he/she shall not do the act in his double capacities.

**Article 51** The secretary to the Board shall be nominated by the Chairman of the Board, and be appointed or removed by the Board.

The removal of the secretary to the Board shall have a good reason and shall not be unfair.

Upon removal of the secretary to the Board by the Company or resignation of the secretary to the Board, the Company shall promptly report to the Shenzhen Stock Exchange to explain the reasons and publish an announcement thereof.

The secretary to the Board shall be entitled to submit a personal statement in respect of unfair removal by the Company or his/her resignation to the Shenzhen Stock Exchange.

**Article 52** The secretary to the Board shall be dismissed by the Company within one month from the date of the occurrence of one of the following circumstances:

- (1) any circumstance as stipulated under Article 45 hereof;
- (2) non-performance of duties for over three consecutive months;
- (3) significant errors and malpractice in the performance of his/her duties, causing material losses to investors;
- (4) violation of laws, administrative regulations, rules, other regulatory documents or the Articles of Association, causing material losses to investors.

**Article 53** The Company shall appoint a secretary to the Board within three months after the resignation of the former secretary to the Board.

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Under special circumstances where the vacancy of the secretary to the Board has lasted for more than three months, the Chairman of the Board shall take the office of the secretary to the Board till an official appointment of the secretary to the Board is made by the Company.

**Article 54** In addition to the appointment of the secretary to the Board, the Company shall appoint a securities affairs representative to assist the secretary to the Board to perform his/her duties. When the secretary to the Board is unable to implement his/her duties, the securities affairs representative shall exercise his/her rights and perform his/her duties on his/her behalf. Under the circumstances aforesaid, the responsibility of the secretary to the Board in respect of information disclosure shall not be automatically waived.

A securities affairs representative shall have attended the Board Secretary Qualification Certificate Training Course organized by the Shenzhen Stock Exchange and shall obtain a Board Secretary Qualification Certificate.

## **Section 6 Special Committees under the Board**

**Article 55** The Board of Directors of the Company may set up several special committees, including the Strategy Committee, the Remuneration and Appraisal Committee, the Audit Committee, etc., so as to assist the Board in the execution of its duty, or give recommendations or advices on the decisions of the Board under the leadership of the Board. All such committees shall consist of directors. The majority of the members of the Remuneration and Appraisal Committee and the Audit Committee shall be independent directors, who shall convene the meetings of such committees. The Audit Committee shall consist of at least three members, while the convenor thereof shall have expertise in accounting.

Each of the specialized committees shall formulate their respective implementation rules to ensure lawful and effective performance of their duties. These implementation rules are attached as appendices to the Rules of Procedure, which form an integral part hereof.

**Article 56** The main function of the Strategy Committee is to do research and make proposals on the long-term development strategy and major investment decisions of the Company.

**Article 57** The main functions of the Remuneration and Appraisal Committee are:

- (1) to study and formulate the appraisal standards for senior management personnel, conduct such appraisal and propose the remuneration policy and plan;
- (2) to make recommendations for the appraisal standards and the remuneration policy and plan for directors as well as appraisal for directors; and
- (3) other matters authorized by the Board of Directors.

**Article 58** The main functions of the Audit Committee are:

- (1) to monitor and assess the performance of the external auditing job and to make proposals regarding the appointment or replacement of the external auditor;
- (2) to supervise the internal audit system of the Company and its implementation;



- (3) to be responsible for the communication between the external auditing and the internal auditing;
- (4) to examine the financial information of the Company and the disclosure thereof;
- (5) to examine the Company's risk management and internal control systems;
- (6) matters relating to laws and regulations and these Articles of Association and other matters authorized by the Board of Directors.

**Article 59** Each of the special committees can engage intermediaries to provide professional advice for its decision-making, and the relevant expenses shall be borne by the Company.

**Article 60** The special committees shall report to the Board and their proposals shall be submitted to the Board for examination and approval.

### **CHAPTER III DUTIES AND POWERS OF THE BOARD**

**Article 61** The Board shall be accountable to the general meeting and report to the general meeting its work over the past year on the annual general meeting.

**Article 62** The Board shall exercise the following duties and powers:

- (1) to convene general meetings and report to the meetings;
- (2) to implement the resolutions passed at general meetings;
- (3) to determine the Company's business plans and investment schemes;
- (4) to prepare the Company's annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution plan and loss recovery plan;
- (6) to formulate proposals for increases or reductions of the Company's registered capital and for the issuance and listing of bonds or other securities;
- (7) to draft plans for material acquisition, purchase of shares of the Company, or merger, division, dissolution and change in corporate form;
- (8) to resolve on matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, external guarantee, asset management mandate and connected transaction within the authorisation of the general meeting;
- (9) to determine the composition of the Company's internal management structure;

- (10) to appoint or dismiss the Company's president and the secretary to the Board; and pursuant to the president's nominations, to appoint or dismiss senior officers including vice presidents and chief financial officer of the Company and to determine their remuneration, rewards and penalties;
- (11) to formulate the Company's basic management system;
- (12) to formulate the proposed amendments to the Articles of Association;
- (13) to deal with information disclosures of the Company;
- (14) to propose to the general meeting for appointment or replacement of the accounting firms serving as the auditors of the Company;
- (15) to receive work report submitted by the president of the Company and to review his/her performance;
- (16) to evaluate and determine the nature and extent of risks the Company is willing to take in achieving its strategic objectives, and to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems;
- (17) to supervise the management on the design, implementation and monitoring of the risk management and internal control systems;
- (18) to exercise other duties and powers specified in the laws, administrative regulations, rules of regulatory authorities or the Articles of Association.

The Board's resolutions on the matters set out in the preceding paragraphs, save for items (6), (7), (12) and external guarantees which shall require the consent of more than two-thirds of the directors, shall be passed by a simple majority of all directors.

**Article 63** Save for external guarantees specified in Article 64 of the Articles of Association which shall be considered and approved by the general meeting of the Company, all other guarantees shall be passed by more than two-thirds of the directors present at the meeting of the Board and shall require the consent of more than two-thirds of all independent directors of the Company.

## **CHAPTER IV MEETINGS OF THE BOARD**

### **Section 1 Convening and Notification of Meetings of the Board**

**Article 64** Board meetings shall be held on a regular basis. The Board shall at least hold four regular meetings each year. Board meetings shall be convened by the Chairman and written notice of the meeting shall be served on all directors and supervisors fourteen days before the date of the meeting.



**Article 65** An ad hoc meeting of the Board shall be convened and presided over by the Chairman within ten (10) days upon his receipt of a request for meeting under any of the following circumstances:

- (1) if deemed necessary by the Chairman;
- (2) if proposed by shareholders representing more than 10% of the voting rights;
- (3) if jointly proposed by more than three directors;
- (4) if proposed by the Supervisory Committee;
- (5) if proposed by the president;
- (6) if jointly proposed by more than half of the independent directors.

**Article 66** The form of notice of convening an extraordinary meeting of the Board shall be as follows: written notice of the meeting shall be served on all directors and supervisors five days before the date of the extraordinary meeting of the Board.

**Article 67** A notice of Board meeting shall set out the following information:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) reasons to convene such meeting and business to be discussed;
- (4) date of the notice.

**Article 68** The notice of board meeting and the relevant documents shall be prepared by the secretary to the Board. These documents shall be delivered to all directors before the meeting. The Directors shall consider the documents to the Board and fully consider them to give opinions. Where two or more independent directors consider that the information provided is insufficient or the proof is not enough, they may jointly write to the Board to postpone to convene the Board meeting or postpone the discussion of the issues, the Board shall duly accept and disclose the relevant circumstances in a timely manner.

## **Section 2 Convention and Resolution of Meetings of the Board**

**Article 69** Meetings of the Board shall be presided over by the Chairman. In the event that the Chairman is unable to perform such duties, he/she shall designate the vice Chairman or a director to chair the meetings on his/her behalf. In the event that the Chairman neglects his/her duties for no reason, or does not designate any specific personnel to act on his/her behalf, a director, proposed by the vice Chairman or jointly by more than half of the directors, shall be responsible for presiding over the meetings.

**Article 70** Meetings of the Board shall be held only if more than five directors are present. Each director shall have one vote in respect of each resolution of the Board. Resolutions of the Board must be passed by more than half of all directors (more than five directors). Matters relating to external guarantee to be considered by the Board under the authority granted by the general meeting shall be passed by two-thirds of all directors (more than six directors).

**Article 71** Directors shall attend Board meetings in person. If a director is unable to attend a Board meeting due to whatever reasons, he/she may appoint another director in writing to attend on his/her behalf. The form of entrustment shall state the name of the proxy, the matters to be entrusted, scope of authorisation and validity period, and shall be signed or sealed by the appointer. The directors attending the meeting on other's behalf shall exercise his/her rights within the scope of authorisation. If a director does not attend a Board meeting, and fails to appoint a proxy to attend the meeting on his/her behalf, the director shall be deemed to have waived his/her voting right at that meeting.

An independent director can entrust another independent director to attend a Board meeting, subject to the condition that each meeting of the Board shall be attended by at least two independent directors.

**Article 72** Upon the convening of a Board meeting, the Chairman or the presider of the meeting shall first announce the topics, and arrange the discussion in accordance with the agenda of the meeting. The Chairman or the presider of the meeting is entitled to determine the discussion time of each topic, whether to stop the discussion, whether to move on to the next issue, etc. The Chairman or the presider of the meeting shall earnestly preside over the meeting, listen fully to the directors present at the meeting and ensure the efficiency of discussion and the rationality of decision-making.

**Article 73** In light of the agenda of the meeting, the Board may summon other persons relating to the subjects of the meeting to explain relevant situation or listen to relevant opinions. Attendees who are not a member of the Board shall not be involved in the discussion, or intervene the progress, voting or resolution of the meeting.

**Article 74** In principle, the Board will not review the topics or matters not stated in the notice of the meeting. Under special circumstances where new topics or matters need to be added to the agenda, such topics or matters may only be considered and resolved upon approval by more than two-thirds of the directors present at the meeting. The Chairman or the presider of the meeting may employ the voting procedures to vote on the addition of the new topics or matters, when necessary.

**Article 75** The Board shall conduct strict examinations on external investments, acquisition, disposal and mortgage of assets as well as external guarantees. The Board shall organise relevant experts and professionals to make assessments on material projects and then tender a submission to the general meeting for approval. Within a period of twelve consecutive months, the respective aggregate amount of external investments, acquisition, disposal and mortgage of assets as well as external guarantees shall not exceed 30% of the audited net asset value of the Company in the previous year.

**Article 76** All directors shall perform due diligence on and strictly control liability risk incurred from external guarantees, and shall bear joint liability for loss resulting from nonconforming or improper external guarantees. The aggregate amount of the external guarantees of the Company to be considered by the Board under the authority granted by the general meeting shall not exceed 50% of the latest audited net asset value of the Company.

**Article 77** The Board shall not, without prior approval of the general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the four months immediately preceding the proposed disposal exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet approved by the general meeting. Should there be any inconsistency between the preceding requirements and the provisions of the stock exchange on which the shares of the Company are listed in respect of the subject matter, the latter shall prevail. If the shares of the Company are listed on two or more stock exchanges, and should there be any inconsistency between the listing rules of these stock exchanges in respect of the subject matter, the strictest one shall prevail.

A "disposal of fixed assets" as referred to in this Article includes the transferral of interest in certain assets but excludes the usage of fixed assets for provision of guarantee.

The effectiveness of transaction of the Company's disposal of fixed assets will not be affected by a breach of the first paragraph of this Article.

**Article 78** When a director is considered a connected person of the enterprise involved in a resolution of the Board meeting, such director shall refrain from voting on such resolution nor can he/she exercise any voting rights on behalf of other directors. Such director shall declare the nature and extent of his interests to the Board at the earliest opportunity. The Board meeting may be held if it is quorated by more than one half of the unconnected directors. Resolutions of the Board meeting shall be passed by more than one half of the unconnected directors. If the number of unconnected directors present at the Board meeting is less than three, such matter shall be put forward to a shareholders' general meeting for discussion and consideration.

Unless an interested director has disclosed his interests to the Board in accordance with the previous paragraphs of this Article and the contract, transaction or arrangement was approved by the Board at a meeting at which such interested director was not counted in the quorum and abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company, except as against a bona fide third party thereto.

Directors with connected relationship referred to in this Article include those set out as follows or those who are under one of the following circumstances:

- (1) the counterparty of a transaction;
- (2) person who holds a position in the counterparty of a transaction, or holds a position in the corporation which can exercise direct or indirect control over the counterparty;
- (3) direct or indirect controller of the counterparty of a transaction;

- (4) close family member(s) of the counterparty of a transaction or its direct or indirect controller (including their spouses, parents and parents-in-law, siblings and their spouses, children at the age of 18 or above and their spouses, siblings of spouses and parents-in-law of the children);
- (5) close family member(s) of the directors, supervisors and senior management of the counterparty of a transaction or its direct or indirect controller (including their spouses, parents and parents-in-law, siblings and their spouses, children at the age of 18 or above and their spouses, siblings of spouses and parents-in-law of the children);
- (6) person authenticated by the China Securities Regulatory Commission, the Shenzhen Stock Exchange or the Company that his/her independent business judgment might be affected due to other reasons.

**Article 79** Where a director of the Company gives to the Board, before the Company's first consideration of the entering of any contract, transaction or arrangement, a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in such contracts, transactions or arrangements which may subsequently be made by the Company, such director shall be deemed to have made a disclosure as required in the preceding articles of the Rules of Procedure.

**Article 80** The vote on Board resolutions shall be taken by way of registered poll. Each director shall have one vote.

**Article 81** As long as all directors can fully express their opinions, an extraordinary Board meeting may be held by way of communication (such as videophone, telephone conference and facsimile), and resolutions passed shall be signed by all participating directors and kept by the secretary of the Board.

**Article 82** After the formation of a Board resolution, the Board of the Company shall fulfill its information disclosure obligations as provided in the relevant national laws, administrative regulations and other regulatory documents.

**Article 83** Minutes shall be taken for decisions made on matters discussed at the meeting and directors attending the meeting, secretary of the Board and the person taking the minutes shall sign on the minutes. Directors attending the meeting shall have the right to request to record in the minutes details of the statements made by them at the meeting. The minutes of board meetings shall be kept by the secretary of the Board for a period of not less than ten (10) years.

**Article 84** The minutes of Board meetings shall include the following:

- (1) date and venue of the meeting and the name of the convenor;
- (2) names of the attending directors and names of those appointed by others to attend the Board meeting;
- (3) agenda of the meeting;

