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If you have sold or transferred all your shares in GUANGZHOU R&F PROPERTIES CO., LTD. (廣州富力地產股份有限公司), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2777)

- (1) PROPOSED A SHARE ISSUE;**
- (2) ADOPTION OF NEW ARTICLES, SHARE PRICE STABILIZATION MEASURE, THREE-YEAR SHAREHOLDERS' PROFIT DISTRIBUTION PLAN AND INTERNAL RULES AFTER A SHARE LISTING;**
- (3) LETTERS OF UNDERTAKING;**
- (4) APPOINTMENT OF DOMESTIC AUDITORS;**
- (5) NOTICE OF EXTRAORDINARY MEETING;**
- AND**
- (6) NOTICE OF CLASS MEETINGS**

A notice convening the EGM and Class Meetings of the Company to be held on Wednesday, 12 August 2015 at the Conference Room, 54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou, PRC is set out on pages 225 to 243 of this circular. Whether or not shareholders are able to attend the said meetings, they are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and deliver the form to the Company's H Share share registrar, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Hong Kong, or in the case of holders of Domestic Shares, to the Company's registered address at 45/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou, the PRC (Postal Code 510623), not less than 24 hours before the time designated for the commencement of the EGM or Class Meetings (i.e. Tuesday, 11 August 2015). Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the said meetings or any adjourned meetings should they so desire.

26 June 2015

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“A Shares”	ordinary domestic shares of the Company, with a nominal value of RMB0.25 which are proposed to be listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange
“Board”	the board of Directors of the Company
“Class Meetings”	the meetings of the Company for each class of holders of H Shares and Domestic Shares to be convened and held on Wednesday, 12 August 2015 at 11:30 a.m. and 11:45 a.m. respectively
“Company”	Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability and listed on the Stock Exchange
“Company Law”	the Company Law of the PRC
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the capital of the Company, with a nominal value of RMB0.25 each, which are subscribed for and credited as fully paid up in Renminbi
“EGM”	the extraordinary general meeting of the Company to be held on Wednesday, 12 August 2015 at 11:00 a.m.
“H Shares”	ordinary shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB0.25 each, which are subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Director”	Independent non-executive director of the Company
“Latest Practicable Date”	22 June 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“New Articles”	the articles of association of the Company to be effective upon listing of A Shares
“PRC”	the People’s Republic of China
“Proposed A Share Issue”	the proposed issue of not more than 1,080,000,000 A Shares as approved by the CSRC, which is proposed to be listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange
“Shares”	shares (both Domestic Shares and H Shares) of the Company
“Shareholders”	shareholders (both Domestic Shares and H Shares) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2777)

Executive Directors:

Li Sze Lim
Zhang Li
Zhou Yaonan
Lu Jing

*Registered office, head office
and principal place of business:*

R&F Center
No. 10 Huaxia Road
Pearl River New Town
Guangzhou
PRC

Non-executive Directors:

Zhang Lin
Li Helen

Independent Non-executive Directors:

Lai Ming, Joseph
Zheng Ercheng
Ng Yau Wah, Daniel

Dear Sir or Madam,

- (1) PROPOSED A SHARE ISSUE;
(2) ADOPTION OF NEW ARTICLES, SHARE PRICE STABILIZATION
MEASURE, THREE-YEAR SHAREHOLDERS' PROFIT DISTRIBUTION
PLAN AND INTERNAL RULES AFTER A SHARE LISTING;
(3) LETTERS OF UNDERTAKING;
(4) APPOINTMENT OF DOMESTIC AUDITORS;
(5) NOTICE OF EXTRAORDINARY MEETING;
AND
(6) NOTICE OF CLASS MEETINGS**

1. INTRODUCTION

The Company is prepared to apply to the CSRC and other relevant regulatory authorities for the issue of not more than 1,080,000,000 A Shares with a nominal value of RMB0.25 per A Share on the Shanghai Stock Exchange or the Shenzhen Stock

LETTER FROM THE BOARD

Exchange. The Proposed A Share Issue will be subject to the approval by the Shareholders at the EGM and the Class Meetings, as well as the approvals by the CSRC and other relevant regulatory authorities.

To comply with the applicable PRC laws and regulations in relation to A Share issue, the Company proposed to adopt the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and internal procedural rules including the rules of procedures for shareholders' general meeting, the rules of procedure for board meeting, rules for independent director, special deposit account and management method for using proceeds of financing, administrative rules for connected party transaction, rules for external guarantee, administrative rules for external investment and supervisory committee meeting rules (together the "Internal Rules"), and to issue letters of undertaking and appoint domestic auditors.

Proposed A Share Issue, adoption of the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules, issuance of letters of undertaking and the appointment of domestic auditors are subject to Shareholders' approval at the EGM and/or Class Meetings. Special resolutions or ordinary resolutions to consider and approve the aforementioned matters will be proposed at the EGM and/or Class Meetings. The New Articles are subject to the obtaining of approval or endorsement from or registration with the relevant regulatory authorities, and shall come into effect upon approval by the CSRC and completion of the Proposed A Share Issue. Share price stabilization measure, three-year shareholders' profit distribution plan, the Internal Rules and the issuance of letters of undertaking shall come into effect upon completion of the Proposed A Share Issue.

In the event that the listing rules requirements of the Stock Exchange, the Shanghai Stock Exchange or Shenzhen Stock Exchange are different, the Company will comply with all the relevant listing rules of the stock exchanges on which the shares of the Company are listed, whichever is stricter or impose more obligations.

The purpose of this circular is to provide you with details of the Proposed A Share Issue, the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules of the Company to be adopted, the letters of undertaking to be issued and the domestic auditors to be appointed.

LETTER FROM THE BOARD

2. PROPOSED A SHARE ISSUE

Details of the A Share Issue

- (1) Class of shares : Renminbi ordinary shares (A shares);
- (2) Place of listing : Shanghai Stock Exchange or Shenzhen Stock Exchange;
- (3) Issuer : The Company;
- (4) No. of shares to be issued : Shall not exceed 1.08 billion shares in aggregate through public offering of new shares by the Company.

The final number of A shares to be issued and the structure of the A shares offering shall be determined by the Board based on the authority granted by the shareholders' in general meeting and subject to the authorization of the CSRC or the other relevant regulatory authorities of China;

- (5) Nominal value of the shares to be issued : RMB0.25 each;
- (6) Target subscriber : Qualified participants in the price consultation process and domestic natural or legal persons investors in China who have opened accounts with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (except those prohibited from subscribing by PRC laws or administrative regulations or other regulatory requirements which the Company is subject);
- (7) Issue price : Based on market situation and the actual situation of the Company, the Board as authorized by the Company's general meeting, together with the lead underwriter(s), will adopt the pricing methods specified in accordance with the Measures on the Administration of Securities Offering and Underwriting 《證券發行與承銷管理辦法》 Decree No. 98 issued by the CSRC; or other methods specified by relevant authorities of the PRC;

LETTER FROM THE BOARD

- (8) Method of issue : By a combination of conducting offline placing market inquiry to the participants in the price consultation process and online subscription pricing method, or other methods approved by the CSRC or the other relevant regulatory authorities in China (the Board shall decide based on the regulatory requirements of the relevant regulatory authorities of China and other market factors);
- (9) Underwriting method : Standby underwriting method;
- (10) Use of proceeds : The Company plans to use the proceeds for the following projects having aggregate funding requirement of RMB35 billion; the exact proceeds from the issue of the A shares is yet to be determined but not expected to exceed RMB35 billion.

Beijing R&F New Town, estimated proceeds to be used – approximately RMB13 billion;

Tianjin R&F New Town, estimated proceeds to be used – approximately RMB6 billion;

Shanghai Hongqiao project, estimated proceeds to be used – approximately RMB4.5 billion;

Meizhou R&F City, estimated proceeds to be used – approximately RMB3 billion;

Harbin R&F City, estimated proceeds to be used – approximately RMB2.5 billion;

Beijing R&F Tongzhou Yunhe No. 10, estimated proceeds to be used – approximately RMB2 billion;

Nanjing R&F Shangyue Court, estimated proceeds to be used – approximately RMB2 billion;

Wuxi R&F No. 10, estimated proceeds to be used – approximately RMB1 billion;

Foshan R&F Plaza, estimated proceeds to be used – approximately RMB1 billion;

Prior to completion of the issue of A shares, the Company may use its own funds to pay for the amounts required by the above projects according to actual needs; it may substitute such funds with the issue proceeds when received.

LETTER FROM THE BOARD

If the proceeds of this issue of A shares are not sufficient to provide funding for the above projects, the Company will cover the shortfall with internal resources and funds from other sources;

- (11) Plan on the allocation of accumulated profits prior to the issue : After the A Share issue is completed, all the new and old shareholders of the Company shall be entitled to the allocation of the accumulated profits of the Company prior to the issue date according to their equity interest ratios after this issue; and
- (12) Effective period of the resolution approving the Proposed A Share Issue : Within 12 months from the date on which it is approved by the extraordinary general meeting or class meetings of the shareholders (whichever is later).

The general authority to the Board to deal with matters related to the Proposed A Share Issue

In order to facilitate the Proposed A Share Issue, it is proposed that authority be granted by the Shareholders in general meeting to the Board which includes but not limited to the followings:

- i) In accordance with the relevant requirements of the relevant laws and regulations and the relevant securities regulations, the approval of the CSRC and other relevant regulatory authorities of China, the current conditions of the China securities market and the proposal in relation to the issue and listing of A shares approved by the Shareholders in general meeting, be authorized for determining the detailed plan of the issue and listing of A shares, which include but not limited to, the issue time, number of A shares to be issued, issue price and price determination method, issue structure, target subscribers of A shares, issue methods, nominal value of the issue, the stock exchange for listing, over-allotment, strategic placing, ratios of online and offline subscription, specific subscription methods and relevant matters;

LETTER FROM THE BOARD

- ii) To handle the reporting and application matters regarding the issue and listing of A shares, which include but not limited to, the handling of the approval, registration, filing, approval, consent, registration and other formalities with the relevant government authorities, regulatory authorities and the related stock exchange, securities registration and clearing organization regarding the issue and listing of A shares; approving, signing, executing, amending or completing any agreements, contracts or mandatory documents (include but not limited to letter of intent of issue of shares, prospectus, sponsorship agreement, underwriting agreement, listing agreement, service agreements with the intermediaries, all types of announcements and notices to Shareholders etc.) related to the issue and listing of A shares;
- iii) To make adjustments and changes to the matters involved in the issue and listing of A shares based on the implementation situations, market conditions, policy adjustments and the opinion of the government and regulatory authorities involved in the issue and listing of A shares; if there are changes in the policy related to the initial public offering of A shares, then to adjust and continue to handle the matters of the issue and listing of A shares according to the new policy;
- iv) To make the necessary or appropriate amendments to the articles of association, rules of procedures and internal rules which are necessitate by the issue and listing of A shares, and handle the matters related to the approval by the government regulatory authorities, industry and commerce changes registration and the related filing and registration;
- v) To make necessary or appropriate amendments to the articles of association, rules of procedures and internal rules if they are inconsistent with the regulatory rules or documents issued by the CSRC and/or the relevant stock exchange, or in accordance with the opinion of the CSRC and/or the relevant stock exchange;
- vi) To handle all the matters regarding the use of the proceeds from the issue of A shares, which include but not limited to, designate bank account for deposit of proceeds, making adjustments and changes of related matters according to the actual situations or the opinion of the relevant government departments during the process of using the proceeds in the projects, making adjustments to the investment projects covered by the use of proceeds within the scope of requirements of the laws and regulations and the resolution of the Shareholders in general meeting according to the requests of the relevant regulatory departments and the actual situations of the market; to handle relevant work involved in investing the proceeds in projects, sign material contracts and other relevant legal documents in connection with the use of proceeds in investment projects;
- vii) To engage relevant intermediaries and determine their fees and other A share issuing expenses;
- viii) To handle all matters and taking the necessary expedient or applicable actions connected with the issue and listing of A shares within the scope permitted by the relevant laws and regulations;

LETTER FROM THE BOARD

- ix) To decide the stock exchange in which the A shares are to be listed according to the requirements of the relevant regulatory departments of China and other factors, and to handle all matters of the listing of A shares in that stock exchange; and
- x) The above authorization shall be valid for 12 months from the date on which it is approved by the Shareholders in general meeting.

Application to the CSRC or other regulatory authorities, the Shanghai Stock Exchange or the Shenzhen Stock Exchange

Application to the CSRC or other regulatory authorities for the Proposed A Share Issue will be made as soon as practicable after the approval of the Proposed A Share Issue by the Shareholders in the EGM and the Class Meetings has been obtained. Upon obtaining the approval of the CSRC or other regulatory authorities, the Company will apply to the Shanghai Stock Exchange or the Shenzhen Stock Exchange for the listing of, and permission to deal in, the A Shares on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, based on the actual practicable situation.

Completion of the Proposed A Share Issue

The Company intends to complete the Proposed A Share Issue as soon as practicable. Nonetheless, the exact timing and structure in regards to the completion of the Proposed A Share Issue are conditional upon, among other things, (i) the passing of the special resolutions or ordinary resolutions in regards to the Proposed A Share Issue at the EGM and the Class Meetings; (ii) the approval of the Proposed A Share Issue by the CSRC and other relevant regulatory authorities; and (iii) the then market conditions.

Reasons for and the Benefits of the Proposed A Share Issue

The Proposed A Share Issue, if completed, will open new financing channels for the business development of the Company, and provide financial resources for the Company to implement the projects as stated under the paragraph headed “Use of Proceeds” above, which will enhance the continuous development ability and the core competence of the Company.

The Directors consider that the Proposed A Share Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Effects of the Proposed A Share Issue on the Company's Shareholding Structure

Set out below is a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Proposed A Share Issue (assuming no other H Shares, Domestic Shares or A Shares are to be issued by the Company from the Latest Practicable Date up to and including the date of issue of the A Shares):

	As at the Latest Practicable Date		Immediately after Completion of the Proposed A Share Issue	
	No. of shares of RMB0.25 each	%	No. of shares of RMB0.25 each	%
Domestic Shares				
Existing	2,207,108,944	68.5	2,207,108,944	51.3
A Shares to be issued	–	–	1,080,000,000	25.1
H Shares				
Public	950,034,000	29.5	950,034,000	22.1
Director	65,224,400	2.0	65,224,400	1.5
Total	<u>3,222,367,344</u>	<u>100.0</u>	<u>4,302,367,344</u>	<u>100.0</u>

The directors and other connected persons shall undertake to the Company that they and their respective associates will not subscribe for the new A Shares. No new A Shares will be issued to any connected persons of the Company and their respective associates.

The Company will ensure compliance with the public float requirement after completion of the Proposed A Share Issue.

The Company has not conducted any fund raising activities in the past twelve months prior to the Latest Practicable Date.

3. ADOPTION OF THE NEW ARTICLES, SHARE PRICE STABILIZATION MEASURE, THREE-YEAR SHAREHOLDERS' PROFIT DISTRIBUTION PLAN AND THE INTERNAL RULES

Pursuant to the "Guidelines on Articles of Association of Listed Companies (revised 2014)" (《上市公司章程指引》(2014修訂)) dated 20 October 2014 issued by the CSRC and others applicable laws, regulations and regulatory requirements in the PRC, the Company proposed to adopt the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules which comply with the requirements of the Listing Rules, the applicable PRC laws and regulations, Mandatory Provisions for Company Listing Overseas and the listing rules of the Shanghai Stock Exchange or the Shenzhen Stock Exchange and at the same time further improve and enhance the corporate governance of the Company.

LETTER FROM THE BOARD

The main changes of the New Articles include:

- i) Provisions relating to the additional number of new A Shares issued;
- ii) Remove provisions not consistent with current PRC laws;
- iii) Added provisions mandatory for A Shares; and
- iv) Rearranged the order of the Articles to enhance the logic flow.

Adoption of the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules are subject to Shareholders' approval at the EGM and/or Class Meetings. Special resolutions or ordinary resolutions to consider and approve these matters will be proposed at the EGM and/or Class Meetings. The adoption of the New Articles are subject to the obtaining of the approval or endorsement from or registration with the relevant regulatory authorities, and shall come into effect upon approval by the CSRC and completion of the Proposed A Share Issue. Share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules, which are applicable to rules for A Share Issue and listing, shall also come into effect upon completion of the Proposed A Share Issue.

Details regarding the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules are set out in the appendices of this circular as follows:

- | | | |
|------------|---|---|
| Appendix 1 | – | Share price stabilization measure for A Share after completion of the Proposed A Share Issue; |
| Appendix 2 | – | Letter of undertaking relating to repurchase of new A Share and reparation; |
| Appendix 3 | – | The New Articles (Draft); |
| Appendix 4 | – | Three-year Shareholders' Profit Distribution Plan commencing after the listing of A Share; |
| Appendix 5 | – | Letter of undertaking in respect of the performance of various undertakings by the Company; |
| Appendix 6 | – | Rules of procedures for shareholders' general meeting (Draft); |
| Appendix 7 | – | Rules of procedures for board meeting (Draft); |
| Appendix 8 | – | Rules for Independent Director (Draft); |
| Appendix 9 | – | Special deposit account and management method for using proceeds of financing (Draft); |

LETTER FROM THE BOARD

- Appendix 10 – Administrative rules for connected party transaction (Draft);
- Appendix 11 – Rules for external guarantee (Draft);
- Appendix 12 – Administrative rules for external investment (Draft);
- Appendix 13 – Supervisory committee meeting rules (Draft).

4. LETTERS OF UNDERTAKING

As required by the CSRC, the Company will have to make certain undertakings in respect of the fulfilment of the undertakings by the Company in the process of its A shares initial public offering and in respect of the statements and representation in the prospectus. The details of the letter of undertaking are set out in Appendix 5 – Letter of undertaking in respect of the performance of various undertakings by the Company and Appendix 2 – Letter of undertaking in respect of repurchase of new A Shares and reparation. Except for the Letter of undertaking in respect of repurchase of new A Shares and reparation which requires shareholders' approval by special resolution, any other letter of undertaking requires shareholders' approval by ordinary resolution.

5. APPOINTMENT OF DOMESTIC AUDITORS

The Company proposes to appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic auditors and the reporting accountant in relation to A share listing for preparing for the Company accountant's report and other reports required for the listing. The appointment of the domestic auditors and the authorization to the Board for determining the fees of the auditors require Shareholders' approval by ordinary resolution.

6. GENERAL

The Company will convene the EGM for the purpose of, among other things, seeking Shareholders' approval on the Proposed A Share Issue, adoption of the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules, issuance of letters of undertaking and the appointment of domestic auditors. Respective Class Meetings will also be convened for the purpose of seeking the approvals on the Proposed A Share Issue, the share price stabilization measure and the letter of undertaking in respect of repurchase of new A Shares and reparation, by the Shareholders of the Domestic Shares and H Shares. All resolutions proposed at the EGM and Class Meetings must be passed in order for the Proposed A Share Issue to proceed. If approval by the Shareholders can be obtained at the EGM and the Class Meetings, the relevant resolutions shall be effective for a period of 12 months commencing from the date on which such approval is obtained. Nonetheless, it should be noted that apart from the approval by the Shareholders, the Proposed A Share Issue is still subject to the approvals by the CSRC and other relevant regulatory authorities.

LETTER FROM THE BOARD

There is no assurance that the Proposed A Share Issue will proceed to completion. Shareholders and potential investors are advised to exercise caution in dealings in the H Shares. Further details about the Proposed A Share Issue will be disclosed by the Company once the terms are finalised in accordance with the Listing Rules.

7. EGM AND CLASS MEETINGS

The EGM will be held at 11:00 a.m. on 12 August 2015 (Wednesday) at the Conference Room, 54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou, PRC, for, among other things, the Shareholders to consider and, if thought fit, approve the Proposed A Share Issue, adoption of the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules, issuance of letters of undertaking and the appointment of domestic auditors. Immediately after the conclusion of the EGM, the H Share Class Meeting and the Domestic Share Class Meeting will be held at the same venue at 11:30 a.m. and 11:45 a.m. respectively for the holders of the H Shares and Domestic Shares to consider and, if thought fit, approve the Proposed A Share Issue, share price stabilization measure and the letter of undertaking in respect of repurchase of new A Shares and reparation. At the EGM and the Class Meetings, the votes will be taken by poll.

The notice of EGM and the notices of the Class Meetings are set out on pages 225 to 231 and 232 to 243 respectively of this circular.

The proxy forms for use at the EGM and Class Meetings are enclosed. Whether or not you are able to attend the meetings in person, you are requested to complete and return the accompanying proxy forms in accordance with the instructions printed thereon. In case of H Shares, the proxy form shall be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and in case of Domestic Shares, the revised proxy form shall be lodged at the registered office of the Company in the PRC, not less than 24 hours before the time scheduled for holding the EGM and the Class Meetings (or any adjournments thereof). Completion and delivery of the proxy form will not preclude you from attending and voting in person at the EGM and the Class Meetings or any adjournment if you so desire.

No Shareholder is required to abstain from voting in connection with the matters to be resolved at the EGM and the Class Meetings.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Directors believe that the Proposed A Share Issue, adoption of the New Articles, share price stabilization measure, three-year shareholders' profit distribution plan and the Internal Rules, issuance of letters of undertaking and the appointment of domestic auditors are either necessary or in the interests of the Company. Accordingly, the Directors recommend all Shareholders to vote in favour of the aforementioned resolutions at the EGM or Class Meetings.

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

26 June 2015, Hong Kong

* *For identification purpose only*

APPENDIX 1 SHARE PRICE STABILIZATION MEASURE FOR A SHARE AFTER COMPLETION OF THE PROPOSED A SHARE ISSUE

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Guangzhou R&F Properties Co., Ltd. (the “Company”) plans to apply for an initial public offering and listing of Renminbi Ordinary Shares (A Shares), and in order to maintain the stability of the share price of A shares of the Company after the initial public offering and listing of Renminbi Ordinary Shares (A Shares), the Company has implemented the Proposal of stabilizing the share price of A Shares after the Initial public offering and listing of Renminbi Ordinary Shares (A Shares) of Guangzhou R&F Properties Co., Ltd. (the “Proposal”), with details as follows:

(1) Conditions for Starting the Price Stabilization Measures:

Within three years from the official listing date of the A shares of the Company, if closing prices of the A shares of the Company for 20 consecutive trading days (except for those trading days on which the A shares of the Company are suspended for full days, the same applies below) are lower than the latest audited net assets per share of the Company, and the conditions of the Company also meet the requirements of the Chinese securities regulatory authorities regarding capital change behaviour such as repurchase, increase of holding, in order to protect the interest of the shareholders, enhance the confidence of investors, and ensure the stability of the share price of the Company, the Company will start the share price stability measures.

(2) Specific Measures and Implementation Procedures of the Share Price Stabilization

Within 10 trading days after the conditions of starting share price stabilization measures are met, based on the effective laws and regulations at the time and this proposal of share price stabilization, a proposal to stabilize the share price of the Company will be proposed, and the relevant approval procedures and information disclosure duties will be performed. After the share price stabilization measures are implemented, the allocation of equity interest of the Company should meet the listing conditions.

When the Company needs to adopt the share price stabilization measures, it can implement the share price stabilization measures in the following order depending on the actual situations of the Company and the stock market conditions.

1. The Measures that the Board of Directors of the Company Plans to Adopt

At the time when commencement of starting the share price stabilization is met, the Company should convene a meeting of the board within 5 trading days to discuss the proposal for the Company to repurchase the A shares of the Company from the public shareholders, which is then submitted to the shareholders’ meeting for consideration and approval, whereby the controlling shareholders undertake to vote in favour for the proposal of repurchasing the A shares being considered. The Company shall make an announcement about the specific proposal of repurchasing the A shares according to the law.

**APPENDIX 1 SHARE PRICE STABILIZATION MEASURE FOR A SHARE
AFTER COMPLETION OF THE PROPOSED A SHARE ISSUE**

The funds that the Company uses to repurchase the A shares shall be its own funds, and the prices of the repurchase of the A shares shall not be higher than the latest audited net assets per share. The method of repurchase of shares shall be the centralized open market purchase based on the prevailing price to repurchase the A shares from the public shareholders. The funds used by the Company for repurchasing shares each year shall not be more than 30% of the audited net profit attributable to the shareholders of the parent company of the previous year when the repurchase of shares occurs. If the shares of the Company no longer meet the conditions of commencing the share price stabilization measures of the Company, the Company does not need to implement the repurchase of A shares from the public shareholders. After the shares are repurchased, the allocation of equity interest of the Company should meet the listing conditions.

The repurchasing of shares by the Company shall follow the requirements of the “Company Law”, “Securities Law”, “Administrative Measures for the Repurchase of Public Shares by Listed Companies (Trial)” and “Supplementary Regulations of the Repurchase of Shares by Listed Companies using Centralized Auction Price Transaction Method” and other laws, regulations and regulatory documents.

2. The Measures that the Controlling Shareholders of the Company Plan to Adopt

After the Company has started the share price stabilization measures, after the Company has completed the repurchase of the shares of the Company according to the share price stabilization measures (1), if the closing prices of the shares of the Company for 20 consecutive trading days are lower than the latest audited net assets per share of the Company, or the price stabilization measures (1) cannot be implemented, the controlling shareholders of the Company shall make plans (including the number of shares that it plans to increase, price range, time etc) to increase holdings of A shares of the Company within 5 trading days, the prices at which it will increase holding of shares shall be higher than the latest audited net assets per share of the Company, and the total amount used by the controlling shareholders for repurchasing A shares of that year shall not be lower than RMB10 million. If the share price of the Company no longer meets the conditions of starting the share price stabilization measures of the Company, the controlling shareholders are no longer obligated to implement increases in their holding of A shares of the Company. The controlling shareholders of the Company shall meet the requirements of the relevant laws, regulations and regulatory documents when they increase holdings of the shares of the Company.

**APPENDIX 1 SHARE PRICE STABILIZATION MEASURE FOR A SHARE
AFTER COMPLETION OF THE PROPOSED A SHARE ISSUE**

3. The Measures that all Directors and Senior Management Staff of the Company Plan to Adopt

After the Company has started the share price stabilization measures, and after increases of holding of A shares of the Company by the shareholders according to the share price stabilization measures (2), if the closing prices of the shares of the Company for 20 consecutive trading days are lower than the latest audited net assets per share of the Company, or the share price stabilization measures (2) cannot be implemented, the current directors (excluding independent directors, the same applies below), senior management staff (including those persons who have not yet served the posts of directors, senior management staff at the time this proposal undertaking was signed) of the Company shall buy the A shares of the Company by and open market purchase in the secondary market within 30 trading days to stabilize the share price of the Company, the monetary funds used for increasing the holding of A shares each year shall not be lower than 5% of the total remuneration of each director, senior management staff for previous year. If the share price of the Company no longer meets the conditions of starting the share price stabilization measures of the Company, the directors and senior management staff are no longer obligated to buy the A shares of the Company. The directors and senior management staff of the Company shall meet the requirements of the relevant laws, regulations and regulatory documents when they acquire the shares of the Company.

If the controlling shareholders, ultimate controlling persons serve as directors and senior management staff of the Company, they shall choose to execute the higher of the repurchase amount under the above share price stabilization measures (2) and share price stabilization measures (3).

(3) Restrictive Measures for the Share Price Stabilization Measures that must be Commenced but Have yet to be Commenced

If the conditions for starting the share price stabilization measures are met, but the Company, controlling shareholders, directors and senior management staff have not adopted the above specific measures to stabilize share prices, the Company, controlling shareholders, directors and senior management staff undertake to accept the following restrictive measures:

1. The Company, controlling shareholders, directors and senior management staff will make an announcement about the detailed reasons why they have not adopted the above price stabilization measures and apologize to the shareholders of the Company and the public investors in the shareholders' meeting of the Company and the newspaper designated by the CSRC.

APPENDIX 1 **SHARE PRICE STABILIZATION MEASURE FOR A SHARE AFTER COMPLETION OF THE PROPOSED A SHARE ISSUE**

2. If the Company has not adopted the above specific measures of price stabilization or it has announced a plan to repurchase the A shares but has not commenced execution, then the Company shall bear the compensation obligation to the shareholders at the maximum repurchase amount that it has undertaken.
3. If the controlling shareholders have not adopted the above specific measures of price stabilization or they have announced a plan to repurchase the A shares but has not commenced execution, then the Company shall freeze an amount of cash dividend payable to the controlling shareholders which is equivalent to the amount of increase of holding of shares that the controlling shareholders should have executed, until the controlling shareholders execute their duties to increase holding of shares.
4. The directors and senior management staff of the Company shall proactively perform their duties of increasing their holding of shares, if the directors and senior management staff have not adopted the above specific measures of price stabilization, then the Company shall retain an amount of their remuneration for itself which is equivalent to the amount of their performance of increase of holding obligations.
5. The above undertaking is an actual intention as expressed by the Company, controlling shareholders, directors and senior management staff, and the related responsible parties are willing to accept the monitoring of the regulatory authorities, self-disciplinary organizations and the public. If the above undertaking is breached, the responsible subjects shall bear the related responsibilities according to the law.

(4) Validity Period

The proposal will automatically take effect after the initial public offering and listing of Renminbi Ordinary Shares (A Shares) in China is completed, it is valid for three years.

During the validity period of the proposal, the newly appointed directors and senior management staff of the Company shall perform the duties of directors and senior management staff which are specified in this proposal. For the directors and senior management staff that the Company plans to appoint, the former must agree to execute the above duties before they are nominated.

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

According to the requirements of the laws and regulations, the Company make the following undertaking regarding the descriptions and statement in the prospectus:

If there is any false description, misleading statement or material omission in the prospectus of Guangzhou R&F Properties Co., Ltd. (the “Company”) which constitutes material and substantive impact as to whether or not the Company meets the listing conditions specified by the laws, the Company will repurchase all the new shares (A shares) of the initial public offering according to the law. The Company will repurchase all the new shares (A shares) using legal methods such as tender, where the price at which the A shares are repurchased shall not be lower than the issue price of this issue of new shares (A shares) plus the interest at the saving deposit for the same period from the listing date to the date on which the tender of repurchase is issued. If the investors suffer losses in securities trading due to any false description, misleading statement or material omission in the prospectus of the Company, the Company will bear the civil compensation responsibilities to compensate for the losses of the investors according to the requirements of the related laws and regulations. The maximum compensation amount of such losses shall be the direct losses actually incurred arising therefrom which the investors can provide evidence to prove them, and shall not include indirect losses. The details of the specific compensation standards, scope of compensation subjects and compensation amount etc., will be subject to the final confirmed compensation proposal or that determined by the valid judgment of the judicial authorities when the above situations actually occur.

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Chapter 1 General Provisions

Article 1

The articles of association are formulated pursuant to the Company Law of the People's Republic of China (hereinafter as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter as the "Securities Law"), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter as the "Special Regulations"), Guidelines for the articles of association of Listed Companies (Revised 2014) (hereinafter as the "Guidelines for the Articles") and other relevant laws and administrative regulations to protect the legal interests of Guangzhou R&F Properties Co., Ltd. (the "Company"), its shareholders and creditors, and to govern the Company's organizational structure and behavior.

Article 2

The Company is a joint stock limited company established in accordance with the Company Law, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies of the State Council (the "Special Regulations"), and other relevant regulations.

The Company was established by way of sponsorship on 30 September 2001 with the consent of the Office of Guangzhou Municipal People's Government by issuing Shui Fu Ban Han [2001] No. 116 "Reply Letter Regarding the Approval of Establishment of Guangzhou R&F Properties Co., Ltd." and the approval of People's Government of Guangdong Province by issuing Yue Fu Han [2002] No. 455 "Approval Regarding the Confirmation of the Establishment of Guangzhou R&F Properties Co., Ltd.". It registered at Guangzhou Administration for Industry and Commerce and was granted with a business license on 16 November 2001. The number of the Company's business license is: 401012033206.

The sponsors of the Company are Li Sze Lim, Zhang Li, Lu Jing, Zhou Yaonan and Zhu Ling.

Article 3

The Company was approved by the China Securities Regulatory Commission (hereinafter as the "CSRC") on 8 May 2005 to issue to the public for the first time 211,514,600 overseas listed foreign shares, and was listed on The Stock Exchange of Hong Kong Limited (hereinafter as the "HKEx") on 13 July 2005.

The Company was approved by the CSRC to issue to the public for the first time [●] RMB ordinary shares, and was listed on the stock exchange on [●].

Article 4

The registered name of the Company : 廣州富力地產股份有限公司

English name of the Company : Guangzhou R&F Properties Co., Ltd.

Article 5

The Company's residence : 45-54/F, R&F Center,
No.10 Huaxia Road,
Pearl River New Town,
Guangzhou, the PRC

Telephone no. : 020-38882777

Facsimile no. : 020-38332777

Postcode : 510623

Article 6

Upon the completion of issuance of the listed RMB ordinary shares, the registered capital of the Company was RMB[●].

Article 7

The Company's legal representative is the Chairman of the Company.

Article 8

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

The rights and liabilities of the shareholders of the Company are limited to the shares being held by them, and the Company is liable for its debts to the extent of all of its assets.

The Company is an independent legal person governed and protected by the laws and administrative regulations of the People's Republic of China.

Article 9

This Articles of Association have been approved by a special resolution at the extraordinary shareholders' meeting of the Company, and to be effective at the date of listing and public offering of RMB ordinary shares after the Company obtained approval from the State Council securities regulatory organization. After this Articles of Association have become effective, the Original Articles of Association shall be replaced by this Articles of Association.

Article 10

Commencing from the date on which this articles of association have become effective, the articles of association shall become a legally binding document that standardizes the Company's organization and activities, and the rights and obligations between the Company and its shareholders and among the shareholders. The articles of association are binding on the Company and its shareholders, directors, supervisors, presidents and other senior management members. The foregoing personnel are entitled to assert their rights regarding the Company's affairs in accordance with the articles of association.

According to the articles of association, shareholders may take legal action against other shareholders; shareholders may take legal action against directors, supervisors, presidents and other senior management members of the Company; shareholders may take legal action against the Company; and legal action can be taken by the Company against shareholders, directors, supervisors, presidents and other senior management members.

The legal actions mentioned in last paragraph including submitting case to the court or applying for arbitration to the arbitration organization.

Other senior management members referred to in this articles of association refer to the chief financial officer, vice president, general managers, deputy general manager and the secretary to the board of the Company.

Article 11

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

However, the Company shall not assume any joint liability for the debts of an enterprise which it has made or will make any investment unless otherwise provided by the law and administrative regulations.

Chapter 2 Purposes and Scope of Business**Article 12**

The business purposes of the Company are to expedite the transformation of operating system, to strengthen its ability on self-development and self-discipline, to endeavor its best efforts on improving the level of the enterprise's technology and business management, to develop real estate business, to create industrial advantages, to actively participate in market competition, to facilitate the enhancement of economic benefits and to effectively guarantee maximum shareholders' return.

Article 13

The scope of business of the Company is subject to the items verified and approved by the company registration authority.

The scope of business of the Company includes property development, property consultation services, warehousing services, premises leasing, production, processing and wholesaling of wooden doors, aluminum and alloy windows, metal accessories, kitchen cabinets; decoration and finishing, and hotel management.

Chapter 3 Shares and Registered Capital**Section 1 Issuance of Shares****Article 14**

The shares of the Company adopt equity form.

Article 15

The Company shall have ordinary shares at all times. The ordinary shares issued by the Company shall include domestic shares and foreign shares. The Company may issue shares of other classes pursuant to its needs and upon approval by approving authority as authorized by the State Council.

Article 16

The issuance of the Company's shares shall adhere to the principle of openness, fairness and justice and shares of the same class shall have the same rights.

As for the shares of the same class in the same issuance, the terms and price of the issuance shall be the same for each share. The price paid by any firm or individual for such shares subscribed shall be the same for each of such shares.

Article 17

The shares issued by the Company are shares with a par value of RMB 0.25 each.

RMB referred in the preceding paragraph refers to the lawful currency of the People's Republic of China.

Article 18

Upon approval by the competent authority governing security issue under the State Council, the Company may issue shares to domestic and overseas investors.

The overseas investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company. Domestic investors mean those investors within the territory of the People's Republic of China (excluding investors as mentioned in the above-mentioned regions) who subscribe for shares issued by the Company.

Article 19

Such shares issued by the Company to the domestic investors for subscription in RMB shall be referred to as the domestic shares. Such shares issued by the Company to the overseas investors for subscription in foreign currency shall be referred to as the foreign shares. The foreign shares which are listed overseas shall be referred to as the overseas listed foreign shares.

The foreign currency referred to in the preceding paragraph is a lawful currency (other than RMB) of other countries or regions which is recognized by the competent authority of the State Administration of Foreign Exchange and can be used for making payment for the Company's shares.

Such overseas listed foreign shares issued by the Company and listed in Hong Kong shall be referred to as H shares. H shares refer to the shares which are approved to be listed on HKEx with the par value being denominated in RMB, and are subscribed for and traded in Hong Kong Dollars. H shares can also be listed on stock exchanges within the territory of the United States in the form of American Depository Receipts.

Unless otherwise required by the articles of association, shareholders of the domestic shares and the foreign shares are both the ordinary shareholders, and shall have the same obligations and rights.

Article 20

As approved by the relevant authority, upon the establishment of the Company, the number of ordinary shares was 551,777,236 shares, with a nominal value of RMB1 per share, and was subscribed and held by the promoter, of which 267,273,168 shares were held by Li Sze Lim, representing 48.4386% of the total shares; 267,273,168 shares were held by Zhang Li, representing 48.4386% of the total shares; 10,769,588 shares were held by Lu Jing, representing 1.9518% of the total shares; 3,230,656 shares were held by Zhou Yaonan, representing 0.5855% of the total shares; and 3,230,656 shares were held by Zhu Ling, representing 0.5855% of the total shares.

Article 21

On 14 July 2005, the Company was approved by relevant authority to issue H shares. Upon public issuance of H shares, the capital structure of the Company was as follows: total number of ordinary shares was 763,291,836 shares, nominal value was RMB1 per share, of which 551,777,236 shares were held by the promoter, 267,273,168 shares were held by Li Sze Lim, representing 35.02% of the total shares; 267,273,168 shares were held by Zhang Li, representing 35.02% of the total shares; 10,769,588 shares were held by Lu Jing, representing 1.41% of the total shares; 3,230,656 shares were held by Zhou Yaonan, representing 0.42% of the total shares; 3,230,656 shares were held by Zhu Ling, representing 0.42% of the total shares; and 211,514,600 shares were held by H shareholders, representing 27.71% of the total shares.

On 3 October 2006, the Company was approved by relevant authority to issue additional shares and split its shares. Upon completion of issuance of additional shares and splitting of shares, the capital structure of the Company was as follows: total number of ordinary shares was 3,222,367,344 shares, nominal value was RMB0.25 per share, of which 2,207,108,944 shares were held by the promoter, representing 68.49% of the total shares of the Company; 1,045,092,672 shares were held by Mr. Li Sze Lim, representing 33.36% of the total shares; 1,025,092,672 shares were held by Mr. Zhang Li, representing 32.02% of the total shares; 35,078,352 shares were held by Mr. Lu Jing, representing 1.09% of the total shares; 22,922,624 shares were held by Mr. Zhou Yaonan, representing 0.71% of the total shares; 22,922,624 shares were held by Ms. Zhu Ling, representing 0.71% of the total shares; 20,000,000 shares were held by Mr. Chen Liangnuan, representing 0.62% of the total shares; and 1,015,258,400 shares were held by H shareholders (including over-allotment), representing 31.51% of the total shares.

Upon completion of the issuance of RMB ordinary shares listed on the domestic market, the capital structure of the Company would be as follows: total number of ordinary shares is [●] shares, nominal value was RMB0.25 per share, of which [●] shares are held by the promoter, representing [●]% of the total shares of the Company; [●] shares are held by Mr. Li Sze Lim, representing [●]% of the total shares; [●] shares are held by Mr. Zhang Li, representing [●]% of the total shares; [●] shares are held by Mr. Lu Jing, representing [●]% of the total shares; [●] shares are held by Mr. Zhou Yaonan, representing [●]% of the total shares; [●] shares are held by Ms. Zhu Ling, representing [●]% of the total shares; [●] shares are held by Mr. Chen Liangnuan, representing [●]% of the total shares; [●] shares are held by domestic public shareholders, representing [●]% of the total shares; and [●] shares are held by the H shareholders (including over-allotment), representing [●]% of the total shares.

Article 22

The board of directors of the Company may implement such arrangements for separate issuance upon approval of the Company's plan of issuance of overseas listed foreign shares and domestic shares by the competent authority governing security issue under the State Council.

The Company may implement the abovementioned issuance plans of overseas listed foreign shares and domestic shares separately according to applicable requirements from the date of approval by the competent authority governing security issue under the State Council.

Article 23

Where the Company separately issues overseas-listed foreign shares and domestic shares within the total number of shares as confirmed in the issuance proposal, the respective shares shall be subscribed for in full in one single issuance. If they cannot be subscribed for in full in one single issuance under special circumstances, these shares can be issued in several issuance upon approval by the competent authority governing security issue under the State Council.

Article 24

The domestic shares issued by the Company shall be collectively deposited with the China Securities Depository and Clearing Corporation Limited. The overseas listed foreign shares issued by the Company are mainly deposited at the central securities deposit under The Hong Kong Securities Clearing Company Limited, and can be held by individual shareholders.

Section 2 Shares Increase and Decrease and Repurchase of Shares**Article 25**

According to its business and development needs, the Company may increase its capital in accordance with the relevant provisions of the articles of association.

The Company may increase its capital by way of:

- (1) Public offering of shares;
- (2) Non-public offering of shares;
- (3) Issue of bonus shares to its existing shareholders;
- (4) New share placement to its existing shareholders;
- (5) Conversion of capital reserve into share capital;
- (6) Other methods as permitted by laws and administrative regulations and approved by the competent authority governing security issue under the State Council.

Upon approval pursuant to the articles of association, the Company's increase in capital by issuing new shares shall be processed in accordance with the procedures as stipulated in the relevant laws and administrative regulations of the State.

Article 26

Unless otherwise provided by laws and administrative regulations, the shares of the Company are freely transferrable without any pledge attached thereto.

Article 27

In accordance with the articles of association, the Company may reduce its registered capital. The Company shall reduce its registered capital according to procedures as stipulated by the Company Law and other relevant regulations and the provisions of the Articles of Association.

Article 28

The Company must prepare a balance sheet and a list of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days from the date of the Company's resolution regarding reduction of capital and shall publish an announcement on newspapers within thirty days from the date of such resolution. A creditor shall have the right to require the Company to fully settle its debts or to provide guarantee for such debt, within thirty days upon receiving the notice, or within forty-five days from the date of the announcement should the creditor fail to receive such notice.

The registered share capital of the Company following the reduction thereof may not fall below the minimum statutory amount.

Article 29

Under the following circumstances, the Company may repurchase its outstanding shares, subject to the procedures provided in the laws, administrative regulations, rules of regulatory authority and this articles of association:

- (1) to reduce the registered capital of the Company;
- (2) to merge with other companies that are holding shares of the Company;
- (3) to grant shares to the Company's employees as incentives;
- (4) when shareholders require the Company to purchase their shares because the shareholders object to a resolution of the Company for merger and division adopted in shareholders' meeting;
- (5) other circumstances as permitted by laws and administrative regulations.

Save for the abovementioned circumstances, the Company may not engage in trading of its own shares.

Purchase of shares of the Company due to reasons under paragraphs (1) to (3) of this article should be approved by the shareholders' meeting.

After the Company purchased shares pursuant to the foregoing provisions, the shares shall be cancelled within ten days of such purchase (or shorter period as stipulated in laws and administrative regulations) in the event of item (1) above; or in the event of item (2) and item (4), cancelled or transferred within six months of such purchase.

Should the Company purchase the Company's shares pursuant to item (3), the number of shares may not exceed 5% of the total number of the outstanding shares issued by the Company. The fund used for the purchase shall be deducted from the Company's after-tax profits. The shares purchased shall be transferred to employees within one year.

Article 30

The Company may repurchase the shares in one of the following manners upon approval by the relevant competent authority of the State:

- (1) To make a pro rata offer of repurchasing shares to all of its shareholders;
- (2) To repurchase shares through public trading on a stock exchange;
- (3) To repurchase shares through over-the-counter transactions;
- (4) Other method as permitted by the laws, administrative regulations or approved by securities regulatory authority under the State Council.

Article 31

Where the Company repurchases its shares through over-the-counter transactions, it shall seek prior approval at the shareholders' meeting in accordance with the provisions of the articles of association. Upon obtaining the prior approval granted in the same manner at the shareholders' meeting, the Company may release or amend such contract which has been established in the foregoing manner, or may waive any of its rights thereunder.

The contract for repurchasing shares as referred in the preceding paragraph shall include, but not limited to, an agreement to become obliged to repurchase shares and such agreement for obtaining the right to repurchase shares.

The Company may not assign such contract for repurchasing its shares or any of its right provided therein.

Article 32

Where the Company has the right to repurchase the redeemable shares:

- (1) the price of such repurchase shall not exceed a certain cap for the maximum price in the event if such repurchase is not made through the market or by tender; and
- (2) if repurchase is made by way of tender, tender shall be made available to all shareholders under the same conditions.

Article 33

Shares repurchased in accordance with the laws by the Company shall be deregistered within the period prescribed by laws and administrative regulations, and the Company shall apply to the original company registration authority for registration of the change of its registered share capital.

The aggregate par value of those cancelled shares shall be deducted from the Company's registered capital upon verification, except for those shares of the Company repurchased for the purpose of rewards to the employees.

Article 34

Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchasing the outstanding shares that the Company issued:

- (1) Where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of such proceeds from an issuance of new shares for repurchasing the old shares;
- (2) Where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds from an issuance of new shares for repurchasing the old shares; payment of the portion in excess of the par value shall be handled according to the following methods:
 1. If the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
 2. If the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from an issuance of new shares for repurchasing the old shares, however, provided that the amount paid out of the proceeds from an issuance of new shares may not exceed the aggregate of premium received by the Company on the issuance of the old shares the Company repurchased or the current amount of the Company's capital reserve account (including the premium on the issuance of new shares) when the repurchase is conducted.
- (3) Such payment made by the Company in consideration of the following shall be made out of the Company's distributable profits:
 1. For acquiring the right to repurchase the shares of the Company;
 2. For amending any contract for repurchasing the shares of the Company;
 3. For releasing any of the Company's obligations under such repurchase contract.

- (4) After the Company's registered capital has been reduced, upon verification, by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's capital reserve account.

Chapter 3 Financial Assistance for the Acquisition of the Company's Shares

Article 35

The Company or its subsidiaries shall not, by any other means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire the shares of the Company. The said acquirer of the shares of the Company shall include a person who directly or indirectly assumes any obligations due to the acquisition of the shares of the Company.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said obligor for the purposes of reducing or discharging the obligations assumed by that person.

The provisions of this Article shall not apply to such situation as stated in Article 37.

"Subsidiaries" of the Company refer to such companies which are directly or indirectly controlled by the Company.

Article 36

The financial assistance referred to in this Chapter shall include, but not limited to, the following:

- (1) Gift;
- (2) Guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), release or waiver of any rights;
- (3) Provision of loan or entering into agreement under which the Company is to perform certain obligations before another party, or a change in the parties thereto, or the assignment of such rights under, such loan contract;
- (4) Any other form of financial assistance provided by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The assumed obligations as referred to in this Chapter shall include the obligations assumed due to the change of the obligor's financial position by way of entering into a contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or jointly with any other persons), or by any other means.

Article 37

The following activities shall not be deemed to be activities as prohibited in Article 35 of this Chapter:

- (1) The provision of financial assistance by the Company is given in good faith for the interest of the Company, and the principal purpose of providing the financial assistance is not to acquire the shares of the Company, or the provision of the financial assistance is an incidental part of a master plan of the Company;
- (2) The lawful distribution of the Company's assets by way of dividends;
- (3) The allotment of bonus shares as dividends distributed;
- (4) A reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the articles of association;
- (5) The provision of loan(s) by the Company for normal business activities within its scope of business (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is made out of the distributable profits of the Company);
- (6) The provision of money by the Company for contributions to staff and employees' share schemes (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is made out of the distributable profits of the Company).

Section 4 Transfer of Shares**Article 38**

The shares of the Company can be legally transferred free of any lien.

Article 39

The Company shall not accept any shares of the Company as the subject of a pledge.

Article 40

Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of shares by the Company shall not be transferred within one year from the date the shares of the Company were listed on the stock exchange(s).

Article 41

Directors, supervisors and senior management members of the Company shall report to the Company their shareholdings and changes therein and shall not transfer more than 25% per year of the total number of shares of the same class held by them during their terms of office. The shares held by them shall not be transferred within one year from the date the shares of the Company being listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the shares of the Company held by them within six months commencing from the termination of their service.

Article 42

In the event that any director, supervisor or senior management members of the Company or shareholders who holds more than 5% of the shares in the Company sells the Company's shares within six months after the acquisition of the same or repurchases the Company's shares within six months after sale of the same, any proceed arising therefrom shall be attributed to the Company and the Company's board of directors shall retrieve such proceed. However, if a securities company holds 5% or more of the shares as a result of its underwriting of the untaken shares in an offer, the sales of those shares shall not be under the said six month restriction.

In the case that the board of directors fails to comply with the requirements under the aforesaid paragraph, a shareholder shall have the right to request the board of directors to comply within thirty days. In case of the board of directors' failure to comply with the same within the aforesaid period, such shareholder shall have the right to institute a legal proceeding directly with the people's court in its own name for the benefit of the Company.

Where the board of directors does not act in accordance with the provisions of the first paragraph of this Article, the responsible directors shall assume joint and several liability.

Article 43

All fully paid-up overseas-listed foreign shares which are listed in Hong Kong are freely transferable pursuant to the articles of association. However, the board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfils the following conditions:

- (1) HK\$2.5 (as per each instrument of transfer) or such higher fees as required by the board from time to time but shall not exceed such maximum fees as prescribed under the Rules Governing the Listing of Securities on HKEx from time to time has been paid to the Company to register the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares;

- (2) The instrument of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (3) The stamp duty payable on the instrument of transfer has been paid;
- (4) The relevant share certificates and evidence reasonably required by the board showing that the transferor has the right to transfer such shares have been provided;
- (5) If the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four;
- (6) The Company does not have any pledge over the relevant shares.

If the Company refuses to register any transfer of shares, the Company shall provide the transferor and the transferee with a notification of refusal in relation to registration of shares within two months from the date of the official application for transfer.

If the transferor or transferee is a clearing house or its proxy recognized by Laws of Hong Kong (hereinafter as the “Recognized Clearing House”), the transferring documents can be signed in printable form.

Chapter 4 Share Certificates and Register of Shareholders

Article 44

Share certificates of the Company shall be in registered form. The share certificates of the Company shall state the major items as follows:

- (1) The name of the Company;
- (2) The date of incorporation of the Company;
- (3) Classes of shares, par value and the number of shares represented;
- (4) Serial numbers of the share certificate.

In addition to the items specified by the Company Law and the Special Regulations, a share certificate of the Company shall also contain any other particulars required by the stock exchange(s) on which the shares of the Company are listed.

The transfer or other documents related to or impacting the ownership of any registered H shares are required to be registered by an overseas agency appointed by the Company.

Article 45

The share certificates shall be signed by the Chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members of the Company, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed or affixed by way of printing, with the seal of the Company (including the Company's securities stamp). The share certificates shall only be affixed with the Company's seal or securities stamp under the authorization of the board. The signatures of the chairman of the Company or other relevant senior management members on the share certificates may also be in printed form.

Should the Company's shares be issued and traded by scripless ways, otherwise stipulations from the securities regulatory authority at the place where such shares listed shall be applicable.

Article 46

The Company shall keep a register of shareholders, which shall contain the following particulars:

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

The register of shareholders shall be the sufficient evidence for the shareholders' shareholding in the Company, except in cases with contrary evidence.

Article 47

The Company may, in accordance with the mutual understanding and agreements between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas listed foreign shares outside mainland China and appoint overseas agent(s) to manage such register. The original register for holders of H shares shall be maintained in Hong Kong.

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

Should there be any discrepancy between the original and the duplicate of the register of holders of overseas listed foreign shares, the original version shall prevail.

Article 48

The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the following:

- (1) The register of shareholders maintained at the Company's residence (other than those parts as prescribed in items (2) and (3) of this Article);
- (2) The register of shareholders in respect of the holders of overseas listed foreign shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) The register of shareholders maintained at such other place as the board may consider necessary for purposes of listing of the Company's shares.

Article 49

Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Transaction and transfer of shares shall be registered with a share registrar appointed by the Company.

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

The Company must instruct and cause each of its share registrars 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 delivers to such share registrar a signed form in respect of the transfer of such shares.

Article 50

Transfer of shares may not be recorded in the register of shareholders within thirty days prior to the date of a shareholders' meeting or within five days prior to the record date for determining distribution of dividend.

Article 51

When the Company convenes a shareholders' meeting, distributes dividends, liquidates or is engaged in other activities that require determination of shareholdings, the board of directors or the convenor of the shareholders' meeting shall designate a day to be the record day. Shareholders whose names appear in the register of shareholders at the end of the record date are the shareholders of the Company.

Article 52

Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for correction of the register of shareholders.

Article 53

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

If a holder of the domestic shares loses his or her share certificates and applies for their replacement, it shall be dealt with in accordance with the relevant provisions of the Company Law.

If a holder of overseas-listed foreign shares loses his or her share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign shares is maintained.

The issue of replacement certificates to holders of H shares applying for replacement of lost share certificates shall comply with the following requirements:

- (1) The applicant shall submit an application in a form prescribed by the Company and accompanied by a notarized certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares;
- (2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company comes to a decision to issue the replacement certificate;

- (3) The Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers or periodicals designated by the board. The announcement shall be made at least once every thirty days in a period of ninety days;
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety days.

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

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

Article 54

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

Article 55

The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company has acted fraudulently.

Chapter 5 Shareholders and Shareholders' Meetings**Section 1 Shareholders****Article 56**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

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

Article 57

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

- (1) The Company shall not register more than four (4) persons as the joint holders of any share(s);
- (2) All the joint holders of any share(s) shall be jointly and severally liable for payment of all amounts due from such share(s);
- (3) If one of the joint shareholders is deceased, only the surviving persons among the joint shareholders shall be regarded by the Company as the owners of relevant shares, provided that the board of directors shall have the right to require the surviving persons to provide a certificate of death (in a manner deemed appropriate by the board of directors) for the purpose of amending the register of shareholders;
- (4) As far as all joint shareholders are concerned, only the joint shareholder whose name appears first in the register of shareholders has the right to receive the share certificate of the relevant shares, or to receive notices of the Company; to attend the shareholders' meeting of the Company or to exercise the voting rights; and any notice served on such a shareholder shall be treated as having been served on all the other joint shareholders of those shares.

Article 58

The ordinary shareholders of the Company shall be entitled to the following rights:

- (1) The right to dividends and other distributions in proportion to the number of shares held;
- (2) To legally request, convene, attend or appoint a proxy to attend shareholders' meetings and to exercise the voting right thereat;

- (3) To supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) To transfer, grant as gift, or pledge shares owned in accordance with the laws, administrative regulations and the Articles of Association;
- (5) To obtain relevant information in accordance with the provisions of the Articles of Association, including:
 1. The right to obtain a copy of the articles of association, subject to payment of the cost of such copy;
 2. The right to inspect and copy, subject to payment of a reasonable charge:
 - (1) All parts of the register of shareholders;
 - (2) Personal particulars of each of the Company's directors, supervisors, president and other senior management members, including:
 - (a) Present name and alias and any former name and alias;
 - (b) Principal address (residence);
 - (c) Nationality;
 - (d) Primary and all other part-time occupations;
 - (e) Identification document and its number;
 - (3) The state of the Company's share capital;
 - (4) Reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
 - (5) Minutes of shareholders' meetings;
 - (6) The counterfoil of the Company's debenture, resolutions of the board of directors' meetings, resolutions of the supervisors' meetings and financial and accounting reports.
- (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 number of shares held;
- (7) Shareholders objected to the Company's resolution regarding the merger or division passed in shareholders' meeting can require the Company to acquire their shares;

- (8) Shareholder(s) holding 3% or more of the shares of the Company, individually or jointly, shall have the right to propose resolution(s) and submit such in writing to the convener ten days before the shareholders' meeting;
- (9) Other rights conferred by laws, administrative regulations and the Articles of Association.

Should a shareholder request to examine or access the relevant information as mentioned in the preceding paragraph, he/she shall provide the Company with written document that proves the class and number of shares of the Company held by him/her. After the Company has verified the identity of the shareholder, the Company shall provide the information requested.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the above rights by reason only that the persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Article 59

In the event that the content of a resolution of shareholders' meeting or board meeting of the Company violate the laws or administrative regulations, shareholders shall have the right to petition the People's Court to void the resolution.

In the event that the convening procedures and manner of voting of a shareholders' meeting or a board meeting violate the laws, administrative regulations or this articles of association, or that the content of a resolution violates this articles of association, shareholders shall have the right to petition the People's Court within sixty days from the date of the resolution to revoke the resolution.

Should a shareholder institute an action pursuant to the preceding provision, the Company may petition the People's Court to require the shareholder to provide corresponding guarantee.

In the event that the Company has processed registration of changes pursuant to a resolution of shareholders' meeting which the People's Court has voided or revoked, the Company shall file an application with the company registration authority to cancel the changes.

Article 60

In the event that the Company's directors, presidents or other senior management members violate the laws, administrative regulations or this articles of association when performing duties for the Company and have thus caused the Company to suffer losses, shareholders who hold more than 1% of the Company's shares, either individually or jointly, for a consecutive period of one hundred and eighty days or more shall be entitled to request the supervisory committee to institute an action with the People's Court. Should the supervisory committee violate the provisions of the laws, administrative regulations or this articles of association when performing duties for the Company and have thus caused the Company to suffer losses, shareholders may request, in writing, the board of directors to institute an action with the People's Court.

In the event that the supervisory committee and the board of directors refuse to institute an action upon receipt of the written request from shareholders pursuant to the preceding paragraph, or they fail to institute an action within thirty days upon receipt of such request or where in an urgent circumstances such that the Company's interests may be irreparably damaged should action is not instituted immediately, shareholders making the request shall have the right to directly institute an action with the People's Court in their own name for purposes of safeguarding the Company's interests.

In the event that other parties infringe upon the Company's legal rights and interests and caused the Company to suffer losses, such shareholders described in the first paragraph of this Article may institute an action with the People's Court pursuant to the provisions of the two preceding paragraphs.

Article 61

In the event that the directors or other senior management members violate the laws, administrative regulations or this Articles of Association and causing damage to the interests of the shareholders, the shareholders may institute an action with the People's Court.

Article 62

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

- (1) To abide by laws, administrative regulations, this articles of association and the resolutions of shareholders' meeting;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) May not withdraw their share capital, except under provisions of laws and regulations;
- (4) May not abuse the rights of a shareholder to the detriment of the interests of the Company or other shareholders; may not abuse the Company's independent status as a legal person and the shareholders' limited liability to the detriment of the interests of the Company's creditors;

- (5) Other obligations imposed by laws, administrative regulations and this Articles of Association.

Should a shareholder abuse his or her rights and have thus caused the Company or other shareholders losses, he or she shall be liable for compensation according to the laws.

Should a shareholder abuse the Company's independent status as a legal person and the shareholders' limited liability to evade debts and seriously prejudiced the interests of the Company's creditors, he or she shall severally and jointly liable for the Company's debts.

Shareholders are not liable for any subsequent contribution of additional share capital other than as agreed by the subscribers of the relevant shares on subscription.

Article 63

The controlling shareholders and actual controllers of the Company may not use their associated relationship to prejudice the Company's interests. Should the Company suffer from losses due to their violation of this provision, they are liable for compensation.

The controlling shareholders and the actual controllers of the Company shall have fiduciary duty towards the Company and other shareholders. The controlling shareholders shall exercise the rights of investors in strict compliance with the laws. They may not prejudice the legal interests of the Company and other shareholders through profit distribution, asset restructuring, external investment, capital appropriation, loan guarantee and other means. The controlling shareholders may not use its controlling position to prejudice the interests of the Company and other shareholders.

Article 64

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder (as defined in the following article) shall not exercise his voting rights as a shareholder in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) Acting honestly in the best interests of the Company when relieving a director or supervisor;
- (2) Approving the expropriation by a director or supervisor (for his own benefit or for the benefit of another person), in any manner, of the Company's assets, including but not limited to opportunities beneficial to the Company;
- (3) Approving the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the share rights personal to other shareholders, including but not limited to rights to distributions and voting rights, but not including a company restructuring submitted to the shareholders' meeting for approval in accordance with the Articles of Association.

Article 65

The term “controlling shareholder” referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) He alone, or acting in concert with others, has the power to elect more than half of the directors;
- (2) He alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) of the voting rights in the Company;
- (3) He alone, or acting in concert with others, holds 30% (inclusive) of the issued shares of the Company;
- (4) He alone, or acting in concert with others, in any other manner has de facto control of the Company.

Article 66

Should a shareholder holding more than 5% of the Company’s voting shares pledge the shares he or she holds, he or she shall report to the Company in writing on the day of the pledge.

Section 2 Shareholders’ Meetings**Article 67**

The shareholders’ meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the laws.

Article 68

The shareholders’ meeting may exercise the following functions and powers:

- (1) To decide on the operating policies and investment plans of the Company;
- (2) To elect and remove directors and to decide on the remuneration of the relevant directors;
- (3) To elect and remove supervisors representing shareholders, and decide on the remuneration of the said supervisors;
- (4) To examine and approve the reports of the board of directors;
- (5) To examine and approve the reports of the supervisor committee;
- (6) To examine and approve the Company’s annual financial budgets and final accounts;

- (7) To examine and approve the Company's profit distribution schemes and loss compensation schemes;
- (8) To adopt resolutions on any increase or reduction of the registered capital of the Company;
- (9) To adopt resolutions on merger, division, dissolution, liquidation and on the change in the form of the Company;
- (10) To adopt resolutions on the issue of debentures or other securities of the Company and their listing;
- (11) To adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms;
- (12) To amend the articles of association;
- (13) To consider and approve proposed resolutions from shareholders holding 3% or more of the voting shares of the Company, either individually or jointly;
- (14) To consider and approve share incentive scheme;
- (15) To consider and approve the guarantees as provided in Article 69;
- (16) To consider and approve the purchase and sale of material assets within one year exceeding 30% of the total audited assets of the Company for the most recent period;
- (17) To consider and approve change in the use of proceeds of fund raising;
- (18) To consider and approve the repurchase of the Company's shares;
- (19) To decide on matters which according to laws, administrative regulations and the articles of association, listing rules of the locality where the Company's shares are listed and relevant requirements of the law, need to be approved by shareholders at general meetings.

Article 69

The following external guarantees by the Company shall be considered and passed by the shareholders' meeting.

- (1) Any guarantee to be issued after the total external guarantees of the Company and its subsidiaries have reached or exceeded 50% of the latest audited net assets;
- (2) Any guarantee to be issued after the total external guarantee of the Company have reached or exceeded 30% of the latest audited total assets;
- (3) Guarantee for an entity whose debt to asset ratio exceed 70%;

- (4) A guarantee exceeding 10% of the latest audited net assets;
- (5) Guarantee provided for shareholders, actual controllers or their associates.

Article 70

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' meetings shall be convened by the convenor and pursuant to this articles of association, the convenor(s) shall include the board of directors, the supervisory committee and the convening shareholders. The annual shareholders' meeting shall be held once every year within six months after the end of the previous accounting year.

The board shall convene an extraordinary shareholders' meeting within two months upon the occurrence of one of the following situations:

- (1) When the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the articles of association;
- (2) When the uncovered losses are in excess of one-third of the Company's total share capital;
- (3) When shareholders individually or jointly holding 10% or more of the Company's issued voting shares request in writing that an extraordinary shareholders' meeting being convene;
- (4) The board considers it is necessary or the supervisor committee proposes to convene such a meeting;
- (5) Other situations as provided by the laws, administrative regulations, rules and the listing rules of the locality where the Company's shares are listed, and this Articles of Association.

Number of shares held under the above paragraph (3) is determined based on the number of shares held on the submission date of written request by the relevant shareholder.

Article 71

The venue of convening the shareholders' meeting is the address of the Company or any other location set out in the notice of the meeting.

The Company will set up the venue for convening of the on-site meeting. On the premise of ensuring the legality and effectiveness of the shareholders' meeting, the Company shall, under the specific requirement of the regulatory authority where the Company's shares is listed, provide different channel and method, including use of information technology such as online voting platform, in order to facilitate convenient participation by shareholders of the shareholders' meeting. Shareholders who participate in the shareholders' meeting through the abovementioned method would be considered as present in the meeting.

Article 72

The Company, when convening a general meeting, shall hire lawyers to provide legal opinions on the following and arrange publication of such opinions:

- (1) Whether or not the convening and the convening procedures of the meeting are in compliance with the laws, regulations and the Articles of Association;
- (2) Whether or not the qualifications of the persons attending the meeting and the qualification of the convener is lawful and valid;
- (3) Whether or not the voting procedures and the voting results are lawful and valid;
- (4) Other matters as required by the Company.

Section 3 Convening of Shareholders' Meeting**Article 73**

Independent directors shall have the right to propose to the board of directors to convene an extraordinary shareholders' meeting. For such proposal by independent directors to convene an extraordinary shareholders' meeting, the board of directors shall deliver written reply stating its agreement or disagreement about the convening of such extraordinary shareholders' meeting within ten days of receipt of the proposal, in accordance with the laws, administrative regulations and the Articles of Association.

In the event that the board of directors agrees to convene the extraordinary shareholders' meeting, it shall issue the notice convening the shareholders' meeting within five days after the resolution of the board of directors. Should the board of directors disagree to convene the extraordinary shareholders' meeting, it shall make an announcement to explain.

Article 74

The supervisory committee shall have the right to propose to the board of directors to convene an extraordinary shareholders' meeting and such proposal shall be in writing. The board of directors shall deliver written reply stating its agreement or disagreement for convening such extraordinary shareholders' meeting within ten days upon receipt of the proposal, in accordance with the laws, administrative regulations and the Articles of Association.

In the event that the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue the notice convening the shareholders' meeting within five days after the resolution of the board of directors. Should any changes have been made to the original proposal in such notice, consent needs to be obtained from the supervisory committee.

In the event that the board of directors disagrees to convene the extraordinary shareholders' meeting, or it fails to reply within ten days of receipt of such proposal, the board of directors is deemed to be unable to perform or will not perform the duties for convening the shareholders' meeting. The supervisory committee may then convene and chair the shareholders' meeting at its discretion.

Article 75

For a shareholder request to convene an extraordinary shareholders' meeting or a class shareholders' meeting, the following procedures should be adopted:

- (1) Shareholders holding 10% or more of the Company's shares, either individually or jointly, with voting rights in such proposed meeting, may sign one or several written requests with the same format and content and submit to the board of directors to request convening an extraordinary shareholders' meeting or a class shareholders' meeting and explain the agenda for the meeting. The board of directors shall deliver written reply stating its agreement or disagreement for convening such shareholders' general meeting or class shareholders' meeting within ten days upon receipt of the proposal. The number of shares for purpose of this paragraph shall be the number of shares held on the date on which the shareholders put forward the written request.
- (2) If the board agrees to convene an extraordinary meeting, it will issue a notice of meeting within five days after the resolution is made by the board. Any change to the original request in the notice shall be subject to the agreement of relevant shareholders.
- (3) If the board does not agree to convene the extraordinary meeting, or does not reply within ten days upon the receipt of the request, shareholders individually or jointly holding 10% or more of the shares carrying the right to vote at the forthcoming meeting shall have the right to propose to the supervisory committee in writing to convene the extraordinary meeting. In the event that the supervisory committee agrees to convene an extraordinary shareholders' meeting, the supervisory committee shall deliver the notice for convening such shareholders' general meeting within five days of receipt of such written request. Should any changes have been made to the original request in the notice, consent needs to be obtained from the relevant shareholders.
- (4) Should the supervisory committee fail to deliver the notice for convening a shareholders' general meeting within the stipulated period, it shall be deemed to fail to convene and chair such shareholders' meeting and shareholders who hold more than 10% or more of the shares with voting rights on such meeting to be convened, either individually or jointly, for a consecutive period of more than ninety days may convene on their own, and chair the meeting within four months of the receipt of the request by the board of directors. The procedures for convening shall be the same, to the greatest possible extent, as those for convening shareholders' meeting by the board of directors.

Article 76

In the event that the supervisory committee or shareholders decide to convene shareholders' meeting on their own, they should notify the board of directors in writing and shall simultaneously file with the organization designated by the China Securities Regulatory Commission and the stock exchange where the Company is situated. Before the resolutions of the shareholders' general meeting are announced, the shareholding of the convening shareholders may not be less than 10%.

The convening shareholders shall provide relevant supporting materials to the organization designated by the China Securities Regulatory Commission and the stock exchange where the Company is situated at the time of dispatching the notice for and announcing the resolutions of the shareholders' meeting.

Article 77

When the supervisory committee or shareholders convene shareholders' meeting on their own, the board of directors and the secretary to the board of directors shall cooperate. The board of directors shall provide the register of shareholders as of the record date for shares. In the event that the board of directors fails to provide the register of shareholders, the convenor may use the relevant announcement regarding the convening of the shareholders' general meeting to apply to the shares registrar for obtaining the register. Such register of shareholders obtained by the convenor may not be used for any purposes other than the convening of the shareholders' meeting.

Article 78

In the event that supervisory committee or the shareholders convene, and hold the meeting on their own because the board of directors fail to hold the meeting as requested, costs incurred for holding such meeting shall be borne by the Company.

Section 4 Proposals and Notices of Shareholders' Meetings**Article 79**

The proposals should be within the scope of functions and powers of the shareholders' general meeting and its content should be well-defined specific matters to be resolved, and in compliance with the relevant provisions of the laws, administrative rules and this Articles of Association.

Articles 80

When the Company convenes a shareholders' general meeting, the board of directors, the supervisory committee and shareholders holding 3% or more of the Company's voting shares shall have the right to put forward tentative proposals in writing to the Company. Shareholders individually or jointly holding 3% or more of the Company's shares may submit ad hoc proposals to the convener of a general meeting in writing ten days prior to

the meeting. The convener shall issue a supplementary notice of the general meeting, announce the contents of such ad hoc proposals and submit such ad hoc proposals to the general meeting within 2 days after receipt thereof.

Except as provided for by the preceding paragraph, the convener of a general meeting shall not amend the proposals set out in the notice of the general meeting or add any new proposals subsequent to the issue of the notice of the general meeting.

In the notice of the general meeting, the general meeting shall not carry out voting and resolve on the proposals that are not stated or fail to meet the requirements under Article 79 of this Articles of Association.

Article 81

The convenor should notify all shareholders 45 days before convening the shareholders' general meeting.

When the Company calculates a period, the date the meeting is held shall not be included.

Article 82

Save for otherwise required by the relevant laws, regulations and the listing rules of the locality where the Company is listed, a notice of the shareholders' general meeting shall be published by an announcement or dispatched to shareholders (regardless of their voting rights at the shareholders' general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. Notice of general meeting can also be made by way announcement in respect of domestic shareholders.

The announcement referred to in the preceding paragraph shall be published in one or more national newspapers or periodicals designated by securities regulatory authorities of the State Council and the regulatory authority of the listing locality, and published on the website of the Company and the stock exchange 40 to 50 days prior to the convening of meeting. Once it is announced, it is regarded as the notice was received by all the shareholders of listed shares.

Notice, information or written declaration made to the shareholders of overseas listed foreign shares shall be made 45 days before the convening of the meeting, and shall be delivered by one of the following methods:

- (1) The notice or announcement shall be delivered to every shareholders of overseas-listed foreign shares by person or by mail in accordance with the addresses of every shareholders. The notice for shareholders of H Shares shall be sent at Hong Kong;
- (2) Announced at the websites of the Company or websites designated by the local stock exchange where shares of the Company are listed in accordance with relevant laws, regulations and listing rules;

- (3) Other matters as required by the local stock exchange where shares of the Company are listed and the listing rules.

Article 83

A notice of the shareholders' meeting shall meet the following requirements:

- (1) It shall be made in written form;
- (2) It shall specify the place, date and time of the meeting;
- (3) It shall state the matters and proposals to be discussed at the meeting;
- (4) It shall provide shareholders with such information and explanation required for them to make sensible decisions on the matters to be considered. These principles include (but not limited to) the provision of the specific conditions and contracts of the contemplated transactions (if any) in the event of a proposed merger, repurchase of shares, reorganization of share capital or other restructuring by the Company, and give due accounts of the cause and effect of such transaction;
- (5) If any directors, supervisors, president and other senior management officers have material interests in the matters subject to discussion, the nature and extent of such material interests shall be disclosed, and if the effect of the matters subject to discussion on such directors, supervisors, president and other senior management officers in their capacity as shareholders is different from that of other shareholders of the same class, the differences shall also be specified;
- (6) It shall set out the full text of all the proposed special resolutions at the meeting;
- (7) It shall contain a clear statement that a shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his/her behalf and that such proxies need not be shareholders;
- (8) It shall state the time and place for the service of the proxy forms for the meeting;
- (9) It shall state the record date of the shareholders who have the right to attend the shareholders' meeting;
- (10) It shall state the name and phone number of the permanent contact person for the affairs of the meeting.

The notice and supplementary notice of the shareholders' meeting shall fully and completely disclose all the specific contents of all of the proposals. Where the independent directors are required to express their opinions on the matters to be discussed, the notice or the supplementary notice of the meeting shall also disclose the views and reasons of the independent directors at the same time.

Where the shareholders' meeting is to be conducted online or by way of other means, the time and procedure of such online voting or other means of voting shall be clearly stated in the notice of general meeting. The online voting or other means of voting of the shareholders' meeting shall commence no earlier than 3:00 p.m. of a day prior to the date of the shareholders' meeting but no later than 9:30 a.m. on the date of the general meeting and it shall terminate no earlier than 3:00 p.m. on the date of conclusion of the general meeting.

The interval between the record date and the date of the meeting shall be no more than seven (7) working days. Once the record date is settled, it shall not be changed.

Pursuant to the written replies received 20 days prior to the shareholders' general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than one half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders' general meeting; otherwise, the Company shall within 5 days thereof give a further notice to the shareholders specifying the matters to be transacted and the date and place of the meeting by way of an announcement. After giving such notice, the Company may convene the shareholders' general meeting.

Article 84

For the proposed election of directors and supervisors to be discussed at the shareholders' meeting, the following information of candidates for directors and supervisors shall be fully disclosed in the notice of shareholders' meeting which shall at least include the following:

- (1) Personal particulars such as education background, work experience and part-time occupations;
- (2) Whether any connected relationship with the controlling shareholder or the actual controller of the Company exists;
- (3) Disclosure of shareholdings in the Company;
- (4) Whether they are subject to the punishment of the CSRC and other relevant departments and the reprimand of any stock exchange.

Except for the cumulative voting system for the election of directors and supervisors, nomination of each candidate for directors and supervisors shall be proposed as individual proposal.

Article 85

After the notice of shareholders' meeting is issued, the shareholders' meeting shall not be postponed or cancelled without a proper reason and the proposals stated in the notice of shareholders' meeting shall not be cancelled. In the event of any postponement or cancellation, the convener shall issue an announcement and state the reasons therein at least two working days prior to the original date of the shareholders' meeting.

Section 5 Convening the Shareholders' Meeting**Article 86**

The board and other convenors shall take necessary measures to ensure proper order of the shareholders' meeting. In the event of activities that violate the order of the shareholders' meeting, affray or activities that are harmful to the legal rights and interests of the shareholders, the Company is entitled to take action to restrain such activities and promptly report the same to relevant authorities.

Article 87

All ordinary shareholders registered on the record date or their proxies shall be entitled to attend the shareholders' meeting, and shall exercise their voting rights in accordance with relevant laws, regulations and this Articles of Association.

Shareholders may attend the shareholders' meeting in person and may also appoint proxies to attend and vote at the meeting.

Article 88

Individual shareholders attending the shareholders' meeting in person shall produce their identity cards or other valid proof or evidence of their identities as well as stock account cards and, in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the power of attorney from shareholders.

Where a shareholder is a legal entity, its legal representative or a proxy authorised by such legal representative or a proxy so authorized by the board of directors and other deciding authorities shall attend the shareholders' meeting. In case of attendance by legal representatives or by proxies so authorized by the board of directors and other deciding authorities, they shall produce their identity cards and valid proof of their capacities as legal representatives or authorization of the board or other deciding authorities; and in the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the letters of attorney duly issued by such legal representatives.

Article 89

Any shareholder entitled to attend and vote at a shareholders' shareholders' meeting shall have the right to appoint one or several persons (who may not be shareholder) to act as his proxy to attend and vote at the meeting on his/her behalf. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) The right to speak at the shareholders' meeting;
- (2) The right to demand a poll solely or jointly with others;

- (3) The right to vote by a show of hands or by way of a poll, provided that where more than one proxy is appointed, the proxies may only vote by way of a poll.

Article 90

The instrument appointing a proxy shall be in writing under the hand of the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person, such instrument shall be under its seal or under the hand of its director or attorney duly authorized.

The proxy forms shall specify the number of shares represented by the relevant proxy of the shareholders on behalf of the principal. Where several proxies are appointed, the proxy form shall expressly state the number of shares represented by every proxy.

Article 91

Proxy forms appointing proxies with the authority to vote shall be deposited at the address of the Company or such other place as may be specified in the notice of the relevant meeting at least 24 hours before the relevant meeting at which such proxies are authorized to vote under such proxy forms, or 24 hours before the designated time for the relevant voting. Where a proxy form is signed by a person under a power of attorney on behalf of the appointer, such power of attorney or other authorization document shall be notarized. A notarized copy of that power of attorney or other authorization document, together with the proxy form appointing a proxy with the authority to vote, shall be deposited at the address of the Company or such other place as may be specified in the notice of the relevant meeting.

Where the appointer is a legal person, its legal representative or any other persons authorized by resolution of its board of directors or other decision-making authority shall attend the shareholders' meetings of the Company on its behalf. The proxy form shall specify the date of issue.

Where such shareholder is a recognized clearing house as defined under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (or its nominee) such shareholder is entitled to appoint one or more persons as it deems fit to act on its behalf at any shareholders' meeting or any class meeting, provided that where more than one person are authorized, the letter of authorization shall specify the number and class of shares in respect of which each such person is so authorized. Such persons so authorized may exercise the rights of the recognized clearing house (or its nominee) as if they were individual shareholders of the Company.

Article 92

Instruments issued by shareholders appointing proxies to attend the shareholders' meeting shall specify the following:

- (1) Name of the proxy;

- (2) Whether or not the proxy is entitled to vote;
- (3) The instructions in relation to voting for or against, or abstaining from voting on each item to be considered at the shareholders' meeting;
- (4) The date of the issue and the valid term of the letter of attorney;
- (5) The signature (or seal) of the appointer. Where the appointer is a legal entity shareholder, the letter of attorney shall be affixed with its common seal.

Article 93

Any form issued to a shareholder by the board of directors for use by him/her for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favor of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, the proxy may vote as he/she thinks fit.

Article 94

Where the appointing shareholder has deceased or has been incapacitated, or the appointment of a proxy or the power of attorney under which a proxy form is signed has been withdrawn, or the relevant shares have been transferred prior to the relevant voting, a vote given in accordance with the proxy form shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 95

A register of attendance of the meeting shall be prepared by the Company. The convenor and attorney engaged by the Company shall jointly verify the legitimacy of the shareholders' qualifications based on the register of shareholders provided by the share registrar and shall record the name of the shareholders and the number of voting shares they are holding. Before the moderator announces the number of shareholders and proxies attending the meeting and the total number of voting shares being held, the registration at the meeting shall be terminated.

Article 96

All directors, supervisors and secretary of the board shall attend the shareholders' meetings. The president and other senior management officers shall be present at the meeting.

Articles 97

A shareholders' meeting shall be convened by the board of directors and chaired by the chairman of the Board as the chairman of the meeting. Should the chairman be unable or fail to perform his/her duties, the vice chairman (or if the Company has more than two vice chairmen, the vice chairman elected by over half of the directors) shall convene and act as

the chairman of the meeting. In the event that both the vice chairman of the board is unable or fail to perform his/her duties, the meeting shall be chaired by the director elected by over half of the directors.

In the event that the shareholders' meeting is convened by the committee supervisors, the convenor of the committee supervisors shall act as the chairman of the meeting. Should the convenor of the committee supervisors be unable to perform or fail to perform his/her duties, the meeting shall be chaired by the supervisor elected by over half of the supervisors.

For such shareholders' meeting convened by the shareholders, the convenor shall nominate a representative to chair the meeting.

When a shareholders' meeting is convened and in the event that the moderator of the meeting violates the rules of procedure causing the shareholders' meeting unable to be continued, a person may be elected as moderator to carry on with the meeting with the consent of shareholders with more than half of the voting rights attending the shareholders' meeting.

Article 98

The Company shall formulate the Rules of Procedures for Shareholders' Meeting which shall set out in detail the convening and voting procedures in respect of the shareholders' meeting including notice, registration, consideration and approval for proposals, voting, vote counting, announcement of voting results, the resolution making process, meeting minutes and signing, announcements and other matters and the principles of granting authorization to the board at the shareholders' meeting. The scope of authorization shall be specified in details. The Rules of Procedures for Shareholders' Meetings shall be prepared by the Board, approved at the shareholders' meeting and attached to this Articles of Association as an appendix.

Article 99

At annual shareholders' meeting, the board of directors and the supervisory committee shall report to the meeting on its work done in the past year. Each independent directors shall also submit work report.

Article 100

Directors, supervisors and senior management officers shall give explanations and statements on shareholders' enquiries and recommendations.

Article 101

The moderator of the meeting should announce the number of shareholders and proxies attending the meeting and the total number of voting shares being held before voting. The number of shareholders and proxies attending the meeting and the total number of voting shares they held shall be based on the registration made the meeting.

Article 102

Minutes of the shareholders' meetings shall be kept and recorded by the secretary of the board and include the following:

- (1) Time, venue, agenda of the meeting and the name of the convenor;
- (2) Names of the moderator of the meeting and directors, supervisors, managers and other senior management officers attending or present at the meeting;
- (3) Number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of such shares carrying voting rights held by them on the total number of shares of the Company;
- (4) Process of consideration for each proposal, the highlights of the speech and the voting results;
- (5) Shareholders' enquiries or recommendations and the correspondent statements or explanations;
- (6) Names of the lawyer, vote counter and the scrutineer;
- (7) Other contents that shall be recorded into the minutes according to this articles of association.

Article 103

The convenor of the meeting shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors, supervisors, secretary of the board, the convener of the meeting or his/her representative and the moderator of the meeting shall sign on the meeting minutes. The meeting minutes should be maintained with the signature book of attending shareholders and letters of attorney of their proxies and valid information on voting via internet and other means for a period not less than ten years.

Article 104

The convenor shall ensure that a shareholders' meeting shall continue to be held until the final resolution is achieved. In the event that a shareholders' meeting is interrupted or resolutions cannot be achieved for special reasons including force majeure, necessary measures shall be taken to resume the shareholders' meeting as soon as possible or terminate such shareholders' meeting with timely announcements. At the same time, the convener should report to the CSRC's branch offices, in respect of the Company's location, where the Company is listed and the stock exchange.

Section 6 Voting and Resolutions of Shareholders' General Meetings**Article 105**

Resolutions of shareholders' meetings can be classified into ordinary resolutions and special resolutions.

An ordinary resolution of a shareholders' meeting shall be passed with the adoption of shareholders (including proxies) being present who represent more than one-half of the voting rights of the shareholders (including proxies) being present.

A special resolution of a shareholders' meeting shall be passed with the adoption of shareholders (including proxies) being present who represent more than two-thirds of the voting rights of the shareholders (including proxies) being present.

Shareholders (including their proxies) attending the shareholders' meeting of the shareholders' meeting shall clearly vote for or against such resolution.

Article 106

The following matters shall be passed by an ordinary resolution at a shareholders' meeting:

- (1) Work reports of the board of directors and supervisory committee;
- (2) Plans formulated by the board of directors for distribution of profits and making up losses;
- (3) The election and change of directors or supervisors who are not representatives of the employees and deciding the matters relating to the remuneration and payment methods of the directors and supervisors;
- (4) The Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) Annual reports of the Company;
- (6) Appointment and removal of accounting firm engaged in audit work of the Company;
- (7) Any other matters other than those required by the laws and administrative regulations or by the articles of association to be passed by special resolutions.

Article 107

The following matters shall be passed by a special resolution at a shareholders' meeting:

- (1) Increase or reduction of the registered capital and issuance of shares of any class, stock warrants and other similar securities;
- (2) The division, merger, dissolution, liquidation of the Company and change in the organization of the Company;

- (3) Issuance of corporate bonds;
- (4) Amendments to the articles of association;
- (5) Share incentive plan;
- (6) The purchase and sale of assets or secured amount within one year exceeding 30% of the total audited assets of the Company for the recent period;
- (7) Repurchase of the Company's shares;
- (8) Any other matters required by laws, administrative regulations, rules or this articles of associations, or matters considered to have a substantial impact on the Company under an ordinary resolution in shareholders' general meeting required to be passed by a special resolution.

Article 108

Shareholders (including proxies) shall exercise their voting rights at a shareholders' meeting based on the number of voting shares they represent, with one vote for each share.

Where important matters issues affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted separately. Such separate counting results shall be publicly disclosed in a timely manner.

The Company's shares held by the Company have no voting right and such shares are not counted into the total number of voting shares of all the shareholders' present at the meeting.

The board of directors, independent directors and shareholders satisfying relevant provisions may solicit voting rights from shareholders, provided that sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company shall not impose any limitation related to minimum shareholdings on the solicitation of voting rights.

During the vote, shareholders (including proxies thereof) who hold two or more than two voting rights shall not necessarily vote all his votes for yes or no.

When the no votes and the yes votes are equal, whether by hands or by ballot, the Chairman of the meeting shall be entitled with one more vote.

Articles 109

Where the provisions of the Listing Rules (as amended, from time to time, by the Stock Exchange on which the Company's shares are listed) require any shareholder to abstain from voting on any particular resolution or restricted to voting only for (or against) any particular resolution, any votes of the shareholder or his/her proxy in violation of the relevant requirement or restriction shall not be counted.

When related transaction are being deliberated at shareholders' general meeting, the interested shareholders shall not participate in the voting and the number of voting shares held by them shall not be counted in the total number of valid voting shares. The announcement regarding the resolutions of the shareholders' general meeting shall fully disclose the voting of non-interested shareholders.

Interested shareholders shall abstain from the voting at shareholders' meeting. Should the interested shareholders fail to abstain on their own initiative, the chairman of the board chairing the meeting shall request the interested shareholder to abstain. In the event that the chairman of the board is required to abstain, the vice chairman of the board or other directors shall request the chairman of the board and other interested shareholders to abstain. Any shareholders who are not required to abstain shall have the right to request interested shareholders to abstain.

Article 110

On the premise of ensuring the legality and effectiveness of the shareholders' meeting, the Company shall offer various channels and ways, including taking advantage of information technology such as online voting platform, in order to facilitate participation in the shareholders' meeting for the shareholders.

Article 111

Unless the Company is under crisis or other special circumstances, the Company shall not, without a prior approval by a special resolution at a meeting, enter into any contract with any party other than the directors, supervisors, president and other senior management members, which allow such party to be responsible for managing the whole or any important part of the Company's business.

Article 112

The list for candidates of directors and supervisors shall be submitted to the general meeting for voting in the form of proposal.

Where voting for the election of directors and supervisors at the meeting, cumulative voting system can be adopted in accordance with the provisions in this Articles of Association or resolutions made at the meeting.

The cumulative voting system as mentioned in the preceding paragraph means that in the election of directors or supervisors at the general meeting, each share carries a voting right equivalent to the number of directors or supervisors to be elected. A shareholder may concentrate the votes on one candidate. The board shall announce to the shareholders the biographies and basic information of each candidate of directors or supervisors.

The nomination and election of directors or supervisors shall adopt the cumulative voting system, the procedures of which shall be as follows: each share carries a voting right equivalent to the number of directors or supervisors to be elected. A shareholder may concentrate the votes to nominate one candidate or separate the votes to nominate a number of candidates. The candidates of directors or supervisors shall be determined according to the number of votes they obtain and the requirements for directors or supervisors in this Articles of Association.

In the election, each share of the shareholder carries a voting right equivalent to the number of directors or supervisors to be elected. A shareholder has the right to divide the votes equally for each candidate of directors or supervisors or concentrate the votes on one or some candidate(s) or elect other person(s). The directors or supervisors shall be determined according to the number of votes and the requirements for directors or supervisors in this Articles of Association.

Article 113

Except for the cumulative voting system, the meeting shall vote on each proposal individually. Where there are different proposals for the same issue, voting should be effected according to the order of the proposals raised. Except for special reasons such as force majeure causing the meeting to suspend or unable to reach a resolution, the meeting shall not set aside any proposal or have any proposal not voted on.

Article 114

When deliberating a proposal at a meeting, no amendments shall be made thereto. Otherwise, any change made thereto shall be considered as a new proposal, on which the voting shall not be taken in such general meeting.

Article 115

The same voting right shall only be exercised through one of the voting methods, namely voting on-site, voting online or other voting methods. Only the first voting result is viewed as valid for any multiple voting of the same voting right.

Article 116

Unless a poll is (before or after any voting by a show of hands) demanded by the following persons, voting at a shareholders' general meeting shall be conducted by a show of hands:

- (1) The chairman of the meeting;
- (2) At least two shareholders or their proxies entitled to vote;

- (3) One or more shareholders (including proxies) solely or jointly holding more than 10% (inclusive) of the total voting shares represented by all shareholders having the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the chairman of the meeting based on the voting result by a show of hands shall be carried, and recorded in the minutes of the meeting the record shall be conclusive evidence of the fact without the number or proportion of the votes recorded in favor or against such resolution at the meeting.

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

The voting by poll at the general meeting shall be taken in a registered form.

Article 117

A poll demanded on such matters as the election of chairman of the meeting or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may continue to discuss other matters, while the results of the poll shall still be deemed as resolutions made at that meeting.

Article 118

Before a proposal is voted on at the meeting, two representatives of the shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll, the number of shares held by such shareholders acting as the scrutinizer should be stated. Any shareholder who is interested in the matter under consideration and his proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

When a proposal is being voted on at the meeting, lawyers, the shareholders' representatives and representatives of the supervisors shall be jointly responsible for counting the votes and scrutinizing the conduct of the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposal shall be recorded in the minutes of meeting.

Shareholders of the Company or their proxies, who have cast their votes through online voting system or by other means, shall have the right to check the voting results through the respective voting system.

Article 119

The on-site meeting shall not end earlier than the online meeting or meeting delivered through other means. The chairman of the meeting shall declare the voting status and voting result of each proposal and declare whether a resolution is passed or not according to the voting result.

Article 120

Before the voting result is officially announced, the Company, counter, scrutineer, principal shareholders, network services provider and other related parties involved in the on-site meeting, online meeting or meeting delivered through other means shall be responsible for the confidentiality of the voting result.

Article 121

Shareholders who attend the meeting shall take one of the following stances when a proposal is put forward for voting: to vote for, vote against or abstain from voting, except that securities registration and settlement institutions, being the nominal holders of shares subject to the Shanghai-Hong Kong Stock Connect, may express opinions according to the intentions of actual holders.

Any votes which are uncompleted, erroneously completed or illegible, or uncast votes shall be considered as an abstention of voting rights by the voter and the outcome of votes carried with the shares held by such voter shall be counted as “abstain from voting”.

Article 122

The chairman of the meeting should announce the number of shareholders and proxies attending the meeting and the total number of voting shares being held before voting. The number of shareholders and proxies attending the meeting and the total number of voting shares they held shall be based on the registration made at the meeting.

The chairman of the meeting shall be responsible for determining whether or not a resolution of the shareholders’ meeting has been passed based on the voting result. His/her decision shall be a final conclusion and shall be announced at the meeting and recorded in the minutes.

Article 123

In the event that the chairman of the meeting has any doubt on the voting result of a resolution put forward to the vote, he/she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder or his or her proxy being present objects to the result announced by the chairman of the meeting may require for that the votes be counted immediately after the declaration of the voting result, and the chairman of the meeting shall have the votes counted immediately.

Article 124

In the event that the votes are counted at the shareholders’ meeting, the counting results shall be recorded in the minutes of the meeting.

Article 125

The announcement of the resolutions passed at the meeting shall be timely published and specify the number of the shareholders and proxies attending the meeting, the number of shares carrying voting rights held by them and the percentage of such shares to the total number of shares of the Company, the means of voting, the voting result of each proposal and the details of the resolutions passed.

Article 126

Where the proposed resolution is not passed, or the meeting alters the resolution(s) passed at the previous meeting, a special note shall be made in the announcement of the resolutions of the meeting.

Article 127

Where proposed resolutions in relation to the election of directors or supervisors are passed at a meeting, the term of office of the new directors or supervisors shall take effect upon the passing date of such resolutions at the meeting.

Article 128

Copies of the minutes of the meeting shall be available for free inspection for any shareholder during business hours of the Company. If a shareholder demands a copy of such minutes, the Company shall dispatch a copy within 7 days after receiving a reasonable payment.

Article 129

In the event that proposals for distribution of cash, bonus shares or capitalisation of capital reserve have been passed at shareholders' general meeting, the Company shall effect the distribution within two months after the meeting.

Section 7 Special Procedures for Voting by Classified Shareholders**Article 130**

Shareholders holding different classes of shares shall be classified shareholders.

Classified shareholders shall be entitled to the rights and assume obligations according to the provisions of laws, administrative regulations and the articles of association.

With approval by the securities regulatory authority under the State Council, the shareholders of the Company's domestic shares may transfer their shares to an offshore investor and have the shares listed and traded overseas. Such Shares listing and trading on the overseas stock exchange shall be in compliance with the regulatory procedures,

regulations and requirements of such overseas securities market. The matter relating to the transferred shares listing and trading on an overseas stock exchange are not subject to the approval at classified shareholders' meeting.

Article 131

Any variation or abrogation of the rights classified of any class of shareholders proposed by the Company may only come into effect upon the passing of a special resolution at a shareholders' general meeting and approval by the affected classified shareholders at a separate meeting held in accordance with Articles 133 to 137.

Article 132

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

- (1) To increase or decrease the number of shares of that class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior that class;
- (2) To effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchanging of all or part of the shares of other classes into shares of such class;
- (3) To remove or reduce the rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) To reduce or remove the rights to a dividend preference or a liquidation preference in distribution of the Company's property, attached to shares of such class;
- (5) To add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights in placement and acquire securities of the Company, attached to shares of such class;
- (6) To remove or reduce the rights to collect account of the Company in particular currencies, attached to shares of such class;
- (7) To create a new class of shares with equal or superior rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) To restrict the transfer of the shares of such class or increase such restrictions;
- (9) To issue with subscription rights or share conversion right shares of such class or other classes;
- (10) To increase the rights and privileges attached to shares of other classes;

(11) To restructure the Company where the proposed restructuring proposal will result in different classes of shareholders bearing disproportionate obligations;

(12) To amend or abrogate the terms stipulated in this chapter.

Article 133

Shareholders of the affected class, whether or not having the right to vote at the shareholders' meeting, shall nevertheless have the right to vote at class meetings on matters relating to items (2) to (8) and (11) to (12) of Article 132, but interested shareholders shall not be entitled to vote at class meetings.

The interested shareholders mentioned in the preceding paragraph shall be defined as follows:

- (1) In the case of a repurchase of its own shares initiated by the Company through making offers to all shareholders on the same pro rata basis or through public dealing on a stock exchange in accordance with Article 31 of the Articles of Association, the "interested shareholders" shall refer to the controlling shareholders as defined in Article 65 of this Articles of Association;
- (2) In the case of a repurchase of its own shares initiated by the Company through an over-the-counter transaction by means of agreement in accordance with the provisions of Article 31 of the Articles of Association, the "interested shareholders" shall refer to the shareholders related to the proposed agreement;
- (3) In the case of a restructuring of the Company, the "interested shareholders" shall refer to the shareholders within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

Article 134

Resolutions of a class meeting shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings in accordance with Article 132.

Article 135

A written notice for convening a class shareholders' meeting shall be given according to the requirements under Articles 81 to notify class shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting.

Article 136

Notices of the class meeting only need to be served on shareholders entitled to vote thereat.

The procedures for holding the class meeting shall be similar to those for holding the shareholders' general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders' general meeting shall apply to the class meeting.

Article 137

Save for shareholders of shares of other classes, the holders of domestic shares and holders of overseas-listed foreign shares are deemed to be different classes of shareholders.

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

- (1) Where the Company issues, upon approval by a special resolution at a shareholders' general meeting, either separately or concurrently once every twelve months, not more than 20% of each of the existing issued domestic shares and overseas-listed foreign shares of the Company; or
- (2) Where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of incorporation is carried out within fifteen months from the date of approval by the securities regulatory authorities of the State Council.

CHAPTER 6 The Board of Directors**Section 1 Directors****Article 138**

The Company shall establish a board of directors comprising nine directors. The board has one chairman, one vice chairman and seven directors, five of whom are external directors (being directors not internally employed by the Company, such term having the same meaning as appeared hereinafter), including three independent directors.

Directors of the Company are natural persons whose qualifications and obligations are governed by the provisions regarding the qualifications and obligations of directors, supervisors, president and other senior management members under Chapter 10 of this Articles of Association.

External directors shall have sufficient time and knowledge and capabilities necessary to perform their duties. The Company shall provide necessary information for external directors to perform their duties. Independent directors may directly report to the shareholders' meeting, securities regulatory authorities under the State Council and other relevant authorities.

Executive directors (refers to persons who hold any positions in the Company other than as a director) deal with matters delegated by the board of directors.

The board of directors may, in compliance with the relevant laws and administrative regulations, establish professional committees such as Strategic Committee, Audit Committee, Remuneration Committee and Nomination Committee.

Article 139

Directors shall be elected or replaced at a shareholders' meeting. The term of office of a director shall be no more than three years. Upon expiry of the current term of office, a Director shall be eligible to offer himself/herself for re-election and re-appointment. Before expiry of the current term of office, a director cannot be dismissed without cause by the general meeting.

The shareholders' meeting may, by an ordinary resolution, dismiss any directors before the expiry of his/her term of office (but without prejudice to such director's right to claim damages based on any contract) on the condition that all the relevant laws and regulations are fully complied with.

The term of office of a director shall start from the date on which the said director takes in office to the expiry of the current session of the board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as a Director pursuant to relevant laws, administrative regulations, departmental rules and this Articles of Association until a new Director is elected and appointed.

The president or other senior management members may concurrently be the Directors, provided that the total number of directors served by the president or other senior management members and directors served by the staff representatives shall not exceed half of the total number of directors of the Company.

Executive directors shall deal with the matters authorized by the Board.

The directors do not have to hold shares of the Company.

Articles 140

Directors shall be nominated in the following manner and in compliance with the following procedures:

- (1) The board or the shareholders who individually or jointly hold more than 3% of the shares carrying voting rights of the Company shall have the right to nominate candidates for election as directors at shareholders' meeting (excluding independent directors). The nomination of an independent director shall be in compliance with the requirements of the relevant laws, administrative regulations and departmental rules.
- (2) Prior to the convening of the shareholders' meeting, the candidates for directors shall provide an undertaking in writing to accept the nomination, warrant that the information disclosed is true and complete and undertake that they will fulfill their obligations as directors upon election.

- (3) A written notice stating the intention to nominate a candidate for Directors and the nominee's acceptance of such nomination, together with relevant written materials of the nominee, shall be delivered to the Company no less than seven (7) days prior to the date of convening the shareholders' meeting. The nominator shall provide the biographies and basis information of the candidate for directors to shareholders.

Articles 141

Should a director fails to attend the board meeting in person twice consecutively, and he/she fails to entrust other directors to attend the board meetings, he/she is deemed to be unable to perform his/her duties and the board of directors shall propose to the shareholders' meeting to remove the director.

Article 142

A director may resign prior to the expiry of his/her term of office. To resign, he/she shall submit a written resignation report to the board of directors. The board of directors should disclose the director's resignation within 2 days.

In the event that the director's resignation causes the number of the members of the board of directors to fall below the statutory minimum, the resigning director shall perform his/her duties pursuant to the laws, administrative regulations, rules of regulatory authority and this Articles of Association until a newly elected director assumes duty.

Save as the above mentioned, the director's resignation shall become effective once the resignation report has been delivered to the board of directors.

Articles 143

Upon submission of a director's resignation or expiry of the term of office, a director shall complete the hand-over procedures with the board. The fiduciary duties of a director to the Company and the shareholders do not necessarily cease upon the expiry of the term of office, and shall remain valid within a reasonable period of time thereafter. His obligation of confidentiality in respect of the Company's trade secrets survives upon the expiry of the term of office until the same falls into public domain. The duration period of fiduciary duties of a director shall be determined in accordance with the principle of fairness, depending on the length of time between the termination and the act concerned and the circumstances and the conditions under which his relationship with the Company was terminated.

Articles 144

No directors shall act, in their personal capacity, on behalf of the Company or the Board in contravention of provisions of this Articles of Association or without appropriate authorisation by the board. The director(s) shall, when acting in his/her personal capacity, state his/her standings and identities in advance if a counter party has reasons to believe that the said director is acting on behalf of the Company or the Board.

Articles 145

In the event that any director violate the laws, administrative regulations or this Articles of Association when performing duties for the Company and have thus caused the Company to suffer losses, he/she should be liable to compensate such losses.

Article 146

The independent directors should perform their duties according to the requirements under the law, administrative regulations or rules of regulatory authority.

Section 2 Board of Directors**Article 147**

The Company has established the board of directors, which is responsible to the shareholders' meeting.

Article 148

The board shall report to the shareholders' meeting and exercises the following powers:

- (1) To convene shareholders' meeting and report its work to the shareholders' meeting;
- (2) To implement the resolutions of shareholders' meeting;
- (3) To decide on the Company's business plans and investment plans;
- (4) To formulate the Company's plans on annual financial budgets and final accounts;
- (5) To formulate the Company's profit distribution plans and plans on making up losses;
- (6) To formulate proposals for the increase or reduction of the registered capital of the Company and for the issue and listing of corporate bonds or other marketable securities;
- (7) To formulate plans for major acquisition, purchase of the Company's shares, merger, division, dissolution or change in the form of the Company;
- (8) To determine the establishment of the Company's internal management structure;
- (9) To appoint or dismiss the Company's president and the secretary of the board and, based on the nomination by the president, to appoint or dismiss other senior management officers of the Company and to determine their remunerations as well as rewards and punishments;
- (10) To formulate the basic management system of the Company;
- (11) To formulate proposals for amendment to the articles of association;

- (12) To formulate the share incentive scheme;
- (13) To receive work report of the Company's president and to review the performance of the president;
- (14) To formulate the Company's information disclosure policy and manage the disclosure of the Company's information;
- (15) To propose to shareholders' meeting the appointment or change of auditors engaged in auditing businesses of the Company;
- (16) To decide on the Company's external investment, acquisition and sale of assets, asset mortgage, (other than those approved on the shareholders' meetings), external guarantee entrust wealth management and related transactions;
- (17) To exercise such other powers conferred by laws, administrative regulations, rules or this Articles of Association and by shareholders' meeting.

Matters outside of the scope of authorization of the shareholders' meeting should be submitted to the shareholders' meeting for consideration.

Article 149

The board shall explain to the shareholders' meeting when a registered accounting firm issues a non-standard audit opinion regarding the Company's financial report.

Article 150

The board of directors shall formulate the rules of procedure regarding the board of directors to ensure implementation of the resolutions of the shareholders' meeting, enhancing working efficiency and ensuring scientific decision-making.

Article 151

The board of directors shall establish procedures to consider and exercise its authority over the external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrust wealth management and related transactions; relevant experts and professionals shall be engaged to evaluate major investment projects and matters that are required to be reported to the shareholders' meeting shall be reported to the shareholders' meeting for approval.

Article 152

The chairman and vice chairman shall be elected and removed by more than one-half of all directors. The term of office of the chairman and vice chairman shall be three years, renewable upon re-election.

Article 153

The chairman of the board is entitled to the following powers:

- (1) To preside over shareholders' meeting and to convene and preside over the board meetings;
- (2) To supervise and check on the implementation of resolutions of the board;
- (3) To sign the securities certificates issued by the Company;
- (4) To sign important documents of the board of directors and other documents that should be signed by the chairman of the Company;
- (5) To approve the plan of utilize the expenditure for the board of the Company;
- (6) To exercise special rights of disposal over the Company's affairs that are in line with the requirements under the laws and the interests of the Company in the event of emergency caused by force majeure or significant crises and under the critical situation where the board meeting cannot be held timely, and to report at the Board meeting afterwards;
- (7) Unless objected by more than three (3) directors or more than two (2) independent directors, the chairman of the board may decide to incorporate the topics raised by the directors during the board meeting into the agenda of this meeting;
- (8) To nominate the list of candidates for the secretary of the board of the Company;
- (9) To exercise other duties and powers that shall be exercised by the chairman of the board and authorized by the board, in accordance with relevant provisions of the laws, regulations and rules.

Article 154

The Vice chairman of the board shall provide assistance to the work of the chairman of the board. Should the chairman of the board is unable or fails to exercise his/her duties or powers, the vice chairman of the board (or if the Company has two or more vice chairmen, the vice chairman elected by over half of the directors) shall exercise such duties or powers; should the vice chairman of the board is unable or fails to exercise his/her duties or powers, a director elected by more than a half of the directors shall exercise such duties or powers.

Article 155

Meetings of the board of directors shall be classified into the regular meetings of the board of directors and extraordinary meetings of the board of directors. Should the board of directors convene a board meeting, it shall notify the supervisors.

Regular meetings of the board shall be convened at least two times every year. The meetings shall be convened by the chairman of the board of directors by serving notice to all directors ten days prior to the date of meeting.

An extraordinary meeting of the board shall be convened at the request of shareholders holding 10% or more of the voting shares of the Company, more than one-third of the directors jointly, more than half of the independent directors, the chairman of the board of directors, the supervisory committee, the Company's president, or the securities regulatory authority under the State Council. The chairman of the board of directors shall convene and chair the extraordinary board meeting within ten days upon receipt of such request.

Article 156

The notice for convening a regular board meeting or an extraordinary board meeting may be delivered by hand, facsimile, electronic mail, courier, telephone or registered mail; in case of emergency, such notice can be delivered by any other faster methods. In case of indirect delivery, confirmation of the receipt thereof shall be made by phone and record shall be made. The notice shall be delivered at least ten days prior to the date of regular board meetings and at least two days prior to the date of extraordinary board meetings. In case of emergency, the board may give notice of extraordinary board meeting by telephone or in words, and the convener shall give explanation on the meeting correspondingly. Directors may waive their rights to receive the notice for the meetings of the board of directors.

Save for otherwise provided in this articles of association and the listing rules of the stock exchange where the Company's shares is listed, the board of directors can pass written resolutions directly instead of convening the shareholders' meeting. In terms of the items need to be passed upon the resolutions of the special shareholders' meetings of the Board of directors, if the board of directors has dispatched the contents of the proposed voting proposal to all the directors, and the number of the directors signed to agree the voting proposal has reached the quorum required to make decisions, an effective resolutions shall be formed without convening the meetings of the board of directors.

Article 157

In relation to important matters that are to be determined by the board, notices of meetings, together with sufficient information, must be served on all the executive directors and external directors within the time limit set out in the articles and in strict compliance with the required procedures. Directors may demand further information. If more than one-quarter of the directors or more than two external directors consider that the information required for the matters to be resolved is not sufficient or not clear, they may jointly propose a postponement of the board meeting or of the deliberation of some of the matters to be considered by the board, and such proposal shall be accepted by the board.

A notice of meeting shall be deemed to have been served on a director who is present at a meeting and who has not, before or during the meeting, raised the fact that he has not received a notice of the meeting.

Article 158

The notice of a board meeting shall include the following:

- (1) The date and venue of the meeting;
- (2) The duration of the meeting;
- (3) Reasons and subjects of the meeting;
- (4) The issuance date of the notice.

Article 159

The board meeting may be held that there are more than a half of the directors are present.

Each director shall have one vote. Resolutions of the board shall be passed by more than a half of all the directors. In case of an equality of votes, the chairman of the board shall have a casting vote.

Article 160

If any director has connection with the enterprise involved in the resolution made at a board meeting, shall not vote on the said resolution for himself/herself or on behalf of other director. The board meeting may be held when more than half of the non-connected directors attend the meeting. The resolution of the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three (3), this matter shall be submitted to the shareholders' meeting for consideration.

Article 161

Voting on the resolutions of the board shall be taken by show of hands or in a registered form.

On the premise of the directors can fully express their opinions, an extraordinary board meeting may be convened and concluded resolutions through facsimile, circulation or phone conference. Such resolutions shall be signed by the attending directors.

Resolutions of the board may consist of several counterparts each signed by one or more directors. A resolution signed by a director and transmitted to the Company by telegraph, telex, post, facsimile or personal delivery shall be deemed to be a document signed by him/her for the purpose of this article.

Article 162

Directors shall attend a board meeting in person. If directors are unable to attend the meeting due to certain reasons, they may authorize other directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the name of representative, matters of representation, scope of authorization and effective period, and under the signature or seal of the consignor. The appointed director attending the meeting shall exercise the rights of a director within the scope of authorization. If a director does not attend a board meeting, and does not authorize any representatives to attend the meeting, he shall be deemed to have waived the voting right in the meeting.

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

Article 163

The board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the directors present at the meeting.

Minutes of board meetings shall be kept as records of the Company for at least 10 years.

Article 164

The record of the board meetings included the following:

- (1) The date and venue for the convention of meeting and name of person summoning the meeting;
- (2) The name of the director present and name of the representative being appointed to attend on a director's behalf;
- (3) The agenda of the meeting;
- (4) The highlights of a director's speech;
- (5) The voting result of each agenda and the result (the result shall state the number of votes for agree, against and abstain).

Chapter 7 Secretary of the Board of Directors**Article 165**

The Company shall have one secretary of the board of directors, who is a senior management officer of the Company.

Article 166

The Company Secretary of the board of directors shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the board of directors. His/her primary responsibilities are:

- (1) To ensure that the Company has complete organizational documents and records;
- (2) To ensure that the Company prepares and delivers the reports and documents required by the relevant authorities in accordance with the laws;
- (3) To ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents in timely manner;
- (4) To make preparations for shareholders' meeting and the meetings of the board of directors.

Article 167

The directors or other senior management officers of the Company may concurrently serve as the secretary of the board. The accountant(s) of the accounting firm appointed by the Company shall not concurrently serve as the secretary of the board.

Provided that where the secretary of the board is held concurrently by director, and an act is required to be made by directors and the secretary of the board separately, the person who concurrently serve as director and secretary of the board shall not perform the act in dual capacity.

Chapter 8 President and Other Senior Management Officers**Article 168**

The Company shall have one president, who shall be nominated by the chairman and appointed or dismissed by the board, and several other senior management officers. Other senior management officers shall be appointed or dismissed by the board. The president and other senior management officers can concurrently serve as the member of the board.

Article 169

Staff of the controlling shareholders and the actual controllers of the Company who serve positions other than directors and supervisors of the controlling shareholders and the actual controllers shall not serve as senior management officers of the Company.

Article 170

The president of the Company shall serve a term of three years and may serve consecutive terms upon reappointment.

Article 171

The president of the Company shall be accountable to the board and exercise the following powers:

- (1) To take charge of the Company's production, operation and management, organize the implementation of the board's resolutions;
- (2) To organize the implementation of the Company's annual business plan and investment plan;
- (3) To draft plans for the establishment of the Company's internal management structure;
- (4) To draft the Company's basic management system;
- (5) To formulate the basic rules and regulations of Company;
- (6) To propose the board the appointment or dismissal of the Company's other senior management officers (except the secretary of the board);
- (7) To appoint or dismiss management officers other than those required to be appointed or dismissed by the board;
- (8) To exercise other powers conferred by the articles of association and the board.

Article 172

The president of the Company shall attend the board meetings. The president who is not a director does not have any voting rights at the board meetings.

Article 173

The Company's president and other senior management officers, in performing their functions, shall act honestly and diligently and in accordance with the laws, administrative regulations and the articles of association.

Article 174

President shall formulate the working conditions of the president. Such working conditions shall be implemented upon approval by the board of directors.

Article 175

The job details of the president shall include the following:

- (1) Conditions for the convening of and the procedure for the president's meeting, and the personnel to attend the meeting;

- (2) Specific duties and division of work of the president and other senior management officers;
- (3) The authority to utilize the Company's funds and assets and to enter into material contracts, and the reporting system to the board of directors and the supervisory committee;
- (4) Other matters which the board considers necessary.

Article 176

The President can tender his/her resignation prior to the expiry of his/her term of office.

Article 177

If a senior management officer breaches the laws, administrative regulations, department rules or this articles of association when performing his/her duties and causes loss to the Company, he/she shall be held responsible for damages.

Chapter 9 Supervisory Committee**Section 1 Supervisors****Article 178**

The directors, president and other senior management officers of the Company may not concurrently serve as supervisors.

Article 179

The term of office of each supervisor shall be three years per session. Upon expiry of the term, the supervisor may be re-appointed upon re-election.

Article 180

A supervisor may resign before expiry of his/her term of office, provided that a written resignation report in respect of his/her resignation shall be submitted to the supervisory committee. The resignation shall be effective upon the receipt of such report.

If the term of office of a supervisor expires but re-election is not timely made or if any supervisor resigns during his/her term of office so that the member of the supervisory committee falls short of the quorum, the said supervisor shall continue performing the duties as supervisor pursuant to laws, administrative regulations and this articles of association until a new supervisor is elected.

Article 181

Supervisors shall ensure that all information disclosed by the Company is true, accurate and complete.

Article 182

Supervisors may attend the board meetings and make enquiries or suggestions in respect of resolutions of such board meetings.

Article 183

Supervisors shall not use their connected relations to damage the interests of the Company; otherwise, they shall bear the liability of compensation.

Article 184

If a supervisor contravenes the laws, administrative regulations, departmental rules or this articles of association while performing his/her duties and causing losses to the Company, he/she shall bear the liability of compensation.

Section 2 Supervisory Committee**Article 185**

The Company shall establish the supervisory committee.

Article 186

The supervisory committee shall consist of three supervisors, among whom, one shall act as the chairman of the supervisory committee. The term of office of a supervisor shall be three years, being renewable upon re-election and re-appointment.

The chairman of the supervisory committee shall convene and preside over a meeting of the supervisory committee; If the chairman of the supervisory committee cannot or does not fulfill his/her duties, the vice-chairman of the supervisory committee shall convene and preside over the meeting of the supervisory committee. If the vice-chairman of the supervisory committee cannot or does not fulfill his/her duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over the meeting of the supervisory committee.

The supervisory committee shall consist of two shareholder representatives and one staff representative of the Company. Appointment and dismissal of shareholder representatives shall be subject to election at the shareholders' meeting, while appointment and dismissal of staff representative shall be subject to democratic election by the staff of the Company.

Article 187

The supervisory committee shall be accountable to the shareholders' meeting and exercise the following functions and powers:

- (1) To review the periodic reports of the Company prepared by the board and express its written opinion;
- (2) To check the financial condition of the Company;
- (3) To monitor the performance of duties by directors and senior management officers and propose dismissal of directors and senior management officers who have violated laws, administrative regulations, this articles of association or the resolutions of shareholders' meeting;
- (4) To require directors and senior management officers to make corrections if their conduct has damaged the interests of the Company;
- (5) To review the financial reports, business reports and profit distribution schemes to be submitted by the board to the shareholders' meeting; and if necessary, to engage on behalf of the Company an certified public accountant or a practicing auditor or a qualified auditor to review the same if there is any doubt;
- (6) To propose the convening of extraordinary shareholders' meeting and, in case the board does not perform the obligations to convene and preside over the shareholders' meeting in accordance with Company Law, to convene and preside over the shareholders' meeting;
- (7) To negotiate with or initiate legal proceedings on behalf of the Company against directors and senior management officers;
- (8) To propose proposals to the shareholders' meeting;
- (9) To propose the convening of extraordinary meetings of the board;
- (10) To conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work;
- (11) To exercise other functions and powers as stipulated by laws, administrative regulations, rules or the articles of association and authorized by the shareholders' general meeting.

Article 188

All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as required by the supervisor committee in discharging its duties shall be borne by the Company.

Article 189

A supervisor shall carry out his/her duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

At an annual shareholders' meeting, the supervisory committee shall report to the meeting on its work done in the past year.

Article 190

The supervisory committee shall convene at least one meeting every six months. The meeting shall be convened by the chairman of the supervisory committee. A written notice shall be delivered by the supervisory committee to all supervisors ten days prior to the date of the meeting.

A supervisor may propose to convene an extraordinary meeting of the supervisory committee. The chairman of the supervisory committee shall convene the meeting of the supervisory committee within ten days upon receipt of the proposal.

Article 191

The notice for convening a regular meeting or an extraordinary meeting of the supervisory committee may be delivered by hand, facsimile, electronic mail, courier or registered mail. The notice shall be delivered at least ten days prior to the convening of regular meetings of the supervisory committee and at least five days prior to the date of extraordinary meetings of the supervisory committee. Supervisors may waive their rights to receive the notice for the meetings of the supervisory committee.

Article 192

A meeting of the supervisory committee shall not be held unless it is attended by at least two supervisors. Each supervisor has one vote.

The supervisor committee shall resolve by way of passing a resolution with the affirmative votes of over two-thirds (inclusive) of the members of the supervisory committee.

Article 193

The supervisory committee shall formulate the rules of procedure regarding the supervisory committee and put such rules into force after approved at a shareholders' meeting to ensure the working efficiency and scientific decision making of the supervisory committee.

Article 194

Minutes shall be kept of the meetings of the supervisory committee and shall be signed by the supervisors or their representative attending the meetings and the person who recorded the minutes. Supervisors shall have the right to record his/her reservation opinions in the minutes. The minutes of the supervisory committee's meetings shall be kept according to the Company's file management system for a period of ten years.

Article 195

A notice of a supervisory committee meeting shall include the following contents:

- (1) Date, venue, and duration of the meeting;
- (2) Reasons and issues of discussion;
- (3) Date of issuance of the notice.

**Chapter 10 Qualifications and Obligations of the Directors, Supervisors and President,
Other Senior Management Officers of the Company****Article 196**

A person may not serve as a director, supervisor, president or other senior management officers of the Company if any of the following circumstances applies:

- (1) A person who does not have or who has limited capacity for civil conduct;
- (2) A person who has committed an offence of corruption, bribery, embezzlement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence and the execution has expired; or who has been deprived of his political rights, less than five years;

- (3) A person who is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;
- (5) A person who has a relatively large amount of debts due but unpaid;
- (6) A person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where the said investigation or prosecution is not yet concluded;
- (7) A person who is not eligible for enterprise director, supervisor, president or other senior management officers according to the laws and administrative regulations;
- (8) A non-natural person;
- (9) A person who is subject to the CSRC's punishment which prohibits them from entering into the securities market for a period which has not yet expired;
- (10) Other cases required by the laws, administrative regulations or departmental rules.

Should the Company elect, appoint or hire directors, supervisors, presidents and other senior management officers in violation of the provisions of the preceding paragraph, such election, appointment or hiring shall be void and ineffective. The Company shall dismiss the director, supervisor, president or other senior management officer if they are involved in the said circumstances during their respective term of office.

Article 197

The validity of an act of a director, president and other senior management officers on behalf of the Company is not, in relation to a bona fide third party, affected by any irregularity in his/her office, election or any defect in his/her qualification.

Article 198

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchanges on which the Company's shares are listed, the Company's directors, supervisors, president and other senior management officers has the following obligations in the exercise of the functions and powers of the Company:

- (1) Not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) To act honestly in the best interest of the Company;
- (3) Not to expropriate in any manner the Company's property, including but not limit to usurpation of opportunities advantageous to the Company;
- (4) Not to expropriate the individual rights of shareholders, including but not limit to rights to distribution and voting rights, except pursuant to are structuring of the Company submitted to shareholders for approval in accordance with the articles of association.

Article 199

The Company's directors, supervisors, president and other senior management officers owes a duty, in the exercise of their powers and discharge of their duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 200

The Company's directors, supervisors, president and other senior management officers shall carry out their duties with integrity and shall not put themselves in a position where their interest and duty may conflict. This principle includes but not limit to discharging the following obligations:

- (1) To act honestly in the best interests of the Company;
- (2) To exercise powers within the scope of responsibilities and not to exceed those powers;
- (3) To exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a shareholders' meeting, not to delegate the exercise of his/her discretion;

- (4) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) Except in accordance with the articles of association or with the informed consent of shareholders given in shareholders' meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) Without the informed consent of shareholders given in shareholders' meeting, not to use the Company's property for own benefit by any means;
- (7) Not to exploit position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limit to opportunities advantageous to the Company;
- (8) Without the informed consent of shareholders given in shareholders' meeting, not to accept commissions in connection with the Company's transactions;
- (9) To abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit position and power in the Company for own benefits;
- (10) Not to compete with the Company in any form unless with the informed consent of shareholders given in shareholders' meeting;
- (11) Not to misappropriate the Company's funds or lend the Company's funds to others, not to open any bank account in own name or other name for the deposit of the Company's assets, and not to provide security with the Company's assets for debt of shareholders of the Company or any other individuals;
- (12) Unless otherwise permitted by informed shareholders in shareholders' meeting, to keep in confidence information relating to the Company acquired by him/her in the course of and during his/her tenure and not to use such information for purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
 1. Disclosure is made under compulsion of law;
 2. The public interests require disclosure;
 3. The own interests of the relevant director, supervisor, president and other senior management officers require disclosure.

Directors' income derived from violation of this article shall belong to the Company; directors shall be liable to compensate any relevant loss incurred by the Company.

Article 201

The Company's director, supervisor, president and other senior management officers shall not cause the following persons or institutions ("associates") to do what is prohibited from doing:

- (1) The spouse or minor child of that director, supervisor, president and other senior management officers;
- (2) A person acting in the capacity of trustee of that director, supervisor, president and other senior management officers or any person referred to in item (1) of this Article;
- (3) A person acting in the capacity of partner of that director, supervisor, president and other senior management officers or any person referred to in items (1) and (2) of this Article;
- (4) A company in which that actual individually controlling by director, supervisor, president or other senior management officers, or a company in which that actual jointly controlling by any persons referred to in items (1), (2) and (3) above or other directors, supervisors, president or other senior management officers of the Company;
- (5) The directors, supervisors, president and other senior management officers of the controlled company referred to in item (4) of this Article.

Article 202

The fiduciary duties of the directors, supervisors, president and other senior management officers of the Company do not necessarily cease with the termination of their tenure. The duty of confidential obligation in relation to trade secrets of the Company is still valid after their tenure. The continuance of the other duties shall be determined on a fair basis depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 203

Except for circumstances prescribed in Article 64 of this Articles of Association, directors, supervisors, president and other senior management officers of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a shareholders' meeting.

Article 204

Where a director, supervisor, president and other senior management officers of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than the contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the board as soon as possible, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board under normal circumstances.

A director shall not vote on the resolutions of the board in relation to any contract, transaction, arrangement or proposal in which he/she or any of his/her associates (as defined under the Listing Rules) is materially interested, and shall not be included in the quorum of the meeting, unless otherwise permitted under the following circumstances:

- (1) The provision to any director or any of his/her related parties of any security or indemnity with respect to money loaned to the Company or any of its subsidiaries, or obligations incurred or undertaken by him/her or any of his/her related parties at the request of or for the benefit of the Company or any of its subsidiaries; or

The provision by the Company or any of its subsidiaries of any security or indemnity to a third party with respect to a debt or obligation of the Company or any of its subsidiaries for which the director or any of his/her associates has assumed the liability in whole or in part and whether individually or jointly with others under a guarantee or indemnity or by the provision of security;

- (2) Any proposal with respect to an offer of shares, debentures or other securities of the Company or any other company which the Company may promote or of which the Company may be interested in the subscription or purchase, in which the director or any of his/her related parties is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) Any offer made by any other company in which the director or any of his/her related parties is interested, directly or indirectly (whether as an officer or executive officer or a shareholder); or any offer made by any other company in which the director or any of his/her related parties is beneficially interested, provided that he/she and any of his/her related parties together are not beneficially interested in 5% or more than 5% of the issued shares of any class of such company or of the voting rights thereof or of any third company through which his interest or that of his associates is derived;
- (4) Any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including:
 1. The adoption, modification or implementation of any employees' share plan or any share incentive or share option plan under which the director or any of his/her related parties may benefit; or

2. The adoption, modification or implementation of a pension fund or retirement, death or disability benefits plan which relates to the directors, their related parties and employees of the Company or any of its subsidiaries and does not provide with respect to any director (or his related parties), any such privilege or advantage which may not generally be afforded to the class of persons to which such plan or fund relates;
- (5) Any contract or arrangement in which the director or any of his/her related parties is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/her or their interests in shares or debentures or other securities of the Company.

Unless the interested directors, supervisors, president and other senior management officers have disclosed to the board according to this provisions above requested, and the board has approved it at the board meeting where they are not counted in the quorum nor do they participate in voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except where the counterparty is an innocent party who is not aware of the relevant directors, supervisors, president and other senior management officers' violation of their obligations.

A director, supervisor, president and other senior management officers of the Company shall be deemed to be interested in a contract, transaction or arrangement in which his/her associate is interested.

Article 205

Where a director, supervisor, president and other senior management officers of the Company gives to the board a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of the articles of association to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the matter of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 206

The Company shall not in any manner pay taxes on behalf of its directors, supervisors, president and other senior management officers.

Article 207

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a director, supervisor, president and other senior management officers of the Company or of the Company's parent company or any of their respective associates.

However, the followings are not subject to such prohibition in the preceding paragraph:

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

Article 208

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 209

A loan guarantee provided by the Company in breach of Article 207 (1) shall be unenforceable against the Company, except that:

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

Article 210

For the purposes of the foregoing provisions of this chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 211

In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president and other senior management officers of the Company breach the obligations to the Company, the Company has a right to:

- (1) Claim damages from the director, supervisor, president and other senior management officers in compensation for losses sustained by the Company as a result of the dereliction of duty;
- (2) Rescind any contracts or transactions entered into by the Company with the director, supervisor, president and other senior management officers or with a third party (where such third party knows or should know that there is the obligations to the Company breached by such director, supervisor, president and other senior management officers);
- (3) Demand the director, supervisor, president and other senior management officers to surrender the profits made by breach the obligations to the Company;
- (4) Recover any monies received by the director, supervisor, president and other senior management officers which should have been otherwise received by the Company, including but not limit to commissions;
- (5) Demand payment of the interest earned or which may have been earned by the director, supervisor, president and other senior management officers on the monies that should have been paid to the Company.

Article 212

The Company shall, with the prior approval of shareholders' meeting, enter into a contract in writing with a director and supervisor of the Company for the emoluments are stipulated aforementioned remuneration includes:

- (1) Emoluments in respect of service as a director, supervisor or senior management officers of the Company;
- (2) Emoluments in respect of service as a director, supervisor or senior management officers of any subsidiary of the Company;
- (3) Emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries;
- (4) Compensation for loss of office, or as consideration in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for the benefits due to aforementioned.

Article 213

The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval in shareholders' meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to following means:

- (1) A takeover offer made by any person to all shareholders;
- (2) An offer made by any person with a view to make the offer granting party becomes a controlling shareholder. The definition of the controlling shareholder shall be the same as that described in this Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum so received shall belong to those persons who have sold their shares as a result of the said offer. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of that sum.

Article 214

In the event that shareholders' meeting requires directors, supervisors, presidents and other senior management officers to attend the meeting, the directors, supervisors, presidents and other senior management officers shall attend and be questioned by the shareholders.

Chapter 11 Financial and Accounting System, Profit Distribution and Audit**Section 1 Financial and Accounting System****Article 215**

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

The Company adopted the Gregorian calendar for the fiscal year. It shall begin on 1 January and end on 31 December of each year.

The Company shall use Renminbi as its accounting currency. The accounts shall be prepared in Chinese.

Article 216

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accounting firm in compliance with the laws.

Article 217

The Company shall prepare its annual financial reports and submit to the CSRC and the stock exchange(s) on which shares of the Company are listed within four months from the ending date of each fiscal year, prepare the half year financial reports and submit to the local office of the CSRC and the stock exchange(s) on which shares of the Company are listed within two months from the ending date of the first six months of each fiscal year, and prepare the quarterly reports and submit to the local office of the CSRC and the stock exchange(s) on which shares of the Company are listed within one month from the ending dates of the first three and first nine months of each fiscal year respectively.

Article 218

The board shall place before the shareholders at every annual shareholders' meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent regional and local governmental authorities to be prepared by the Company.

Article 219

The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every annual shareholders' meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this chapter.

The Company shall at least send to each shareholder of overseas listed foreign shares by publishing on the website of the Company or otherwise as specified in this Articles of Association, in person or by prepaid mail the abovementioned reports or the report of directors together with financial statements of the Company no later than twenty-one (21) days before the date of every annual shareholders' meeting. The address of the recipient shall be the address registered in the share register.

Article 220

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. When the Company is to distribute its after-tax profits in the relevant fiscal year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Article 221

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

Article 222

The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be deposited in any personal account.

Article 223

In a profit distribution, the Company shall transfer 10% of after-tax profit of the year to its statutory reserve provided that no further transfer is required if the accumulated statutory reserve is more than 50% of the Company's registered capital.

Where the statutory reserve is unable to cover loss from previous years, the profit for the year shall be applied to make up for the loss before the transfer as mentioned.

After the transfer to the statutory reserve, arbitrary reserve fund can be transferred upon resolved at the shareholders' meeting.

The profit after tax of the Company after making up the loss and the transfer to reserves shall be distributed according to the shareholding in the Company unless otherwise specified herein.

In the event that shareholders' meeting breach of aforementioned agreement for distributing profits to the shareholders before the Company has make good its losses and made transfer to the statutory reserve, the shareholders must return to the Company such profits distributed in violation.

Company's shares held by the Company do not participate in the distribution of profits.

Article 224

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 to be included in the capital reserve fund by the finance regulatory department of the State Council.

Article 225

The reserve funds of the Company can only be used for the following purposes:

- (1) Making good losses of the Company but the capital reserve may not be used to make good losses;
- (2) Expansion of the Company's production and operation or conversion to share capital.

Where the Company converts its reserve fund to the registered capital under the approval of the shareholders' meeting, the remaining balance of the reserve fund shall not be less than twenty-five per cent (25%) of the Company's registered capital that before conversion.

Article 226

Statutory welfare fund appropriated by the Company is to be used for the collective welfare of the employees of the Company.

Article 227

Profit distribution policy

- (1) Basic principles of profit distribution policy

The Company committed to shareholders' return, adopts a consistent and stable profit distribution policies, which emphasize investors' reasonable investment return while taking into account the Company's continuous development.

- (2) Forms of profit distribution

The Company may distribute dividends by way of cash, bonus shares or a combination of both, and other affirmed ways where cash dividends takes precedence and the distribution will not exceed the range of the accumulated distributable profits. Under the premise of the capital expenditures budget of the Company, an interim cash dividend may also be made based on operating profits and cash flow for the period.

- (3) Specific conditions for cash dividend and proportion

The Company will distribute cash dividends where the net profit for the year is positive and the accumulated and undistributed profit at the end of the year is positive. The profit to be distributed in cash will not be less than 10% of the distributable profit realized for that year.

As a minimum requirement, all of the following criteria should be satisfied before a cash dividend is made:

1. After the Company make up for the loss and transfer to reserves, the annual distributable profits is positive and there is sufficient cash so that the cash dividend will not affect the subsequent continual operation of the Company;
2. A standard and clean opinion audit report of the auditor has been issued on the financial report of the Company for the year;
3. The Company has no plan for significant investment;
4. The cash dividend is not in violation of laws, regulations, statutes, government regulatory documents, judicial judgments, applicable rules or agreements or documents binding on the Company or its subsidiaries.

Where a dividend in bonus shares is also made, the board will distinguish the following situations and formulate different cash dividend distribution proposals by comprehensively taking account of the features of the industry where the Company operates, its stage of development, its own business model, and profitability and other factors such as whether there is significant capital expenditure arrangement:

1. If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends will be at least 80% in the profit distribution;
2. If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends will be at least 40% in the profit distribution;
3. If the Company is at the growth stage and has significant capital expenditure arrangement, the proportion of cash dividends will be at least 20% in the profit distribution.

It is difficult to distinguish the Company's stage of development but there is significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding rules.

(4) Specific conditions for distribution of dividend in shares

The Company mainly adopts cash dividends as its profit distribution. If the revenue of the Company is growing rapidly, the board considers that the Company's share price does not match the size of its share capital and the Company is ready for capital expansion, dividends in shares may be made along with the cash dividends aforesaid. The proposal for such dividends in shares will be submitted to a shareholders' meeting for approval after approved by the board meeting.

(5) Measure and procedures for decision-making on profit distribution

1. In drawing up a sensible profit distribution proposal, the board will fully consider shareholders' benefits, balance short-term benefits and long-term development of the Company by taking into account different development stages of the Company, its current operation and capital needs of projects.
2. In formulating the cash dividend proposal, the board will earnestly research and determine the timing, conditions, minimum proportion, adjustment conditions and other decision-making procedures in relation to the Company's cash dividends. The independent directors will express clear opinions.
3. Prior to the board meeting considering the profit distribution, independent directors will express clear opinions thereon, and, if necessary, may propose to convene an extraordinary shareholders' meeting. Independent directors may collect opinions from minority shareholders, propose dividend proposals and directly submit it to the board for approval.
4. The profit distribution proposal approved as above will be proposed by the board at a shareholders' meeting for approval and be implemented upon being passed by over half of the voting rights held by the shareholders attending such meeting (including those by proxy), provided that dividends in shares are to be passed by over two thirds of the same.

Before a cash dividend proposal is considered at a shareholders' meeting, the Company will communicate with shareholders, especially minority shareholders through various channels, such as hotlines for investors, a mailbox for the public, online platforms and investors' conference to listen to the opinion and requests of minority shareholders and give timely responses to issues which minority shareholders are concerned about.

(6) Changes in profit distribution

The profit distribution policies of the Company will not be adjusted at will to lower the level of return to shareholders. If it arises the need to adjust the profit distribution policies in response to material changes in the external operating environment or its operations, the Company may make such adjustments to the extent that the adjusted profit distribution policies does not contravene any relevant provisions of the CSRC and stock exchange.

The profit distribution policies of the Company are formulated by the board and will be submitted to a shareholders' meeting for approval after passed by over two-third directors and over half independent directors. Independent directors and the the supervisory committee will review and issue written opinions on the policies so submitted.

The Company will widely consult independent directors, supervisors and public investors for any adjustment to such policies in response to capital requirements arising from production, operation, significant investment and development plans. In making

such adjustment, the board will adhere to the principle of shareholders' interest and give detailed reasoning and explanation thereon at the shareholders' meeting at which relevant resolutions are proposed. The adjusted policies will not contravene any relevant provisions of the CSRC and stock exchange. The relevant resolutions will be proposed and passed by over two thirds of the voting rights held by the shareholders attending such meeting after consulting independent directors and the supervisory committee and approved at the board meeting. Conveniences such as online voting will be provided for the minority shareholders to facilitate their attendance.

Article 228

Dividends or other payments to be payable by the Company to holders of domestic shares shall be declared and calculated in Renminbi, and paid in Renminbi; and those payable to holders of overseas-listed foreign shares shall be declared and calculated in Renminbi, and paid in the local currency of the place where such overseas-listed foreign shares are listed (if there is more than one place of listing, then paid in the currency of the primary place of listing as determined by the board).

Article 229

Distribution of dividends and other payments by the Company to holders of foreign shares shall be in accordance with the relevant regulation of foreign exchange administration of the PRC. In the absence of such regulations, the applicable conversion rate shall be the average closing rate of the relevant foreign currency as published by the People's Bank of China for the one-week period immediately prior to the date of declaration of such dividend and other payments.

Article 230

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

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed on behalf of holders of overseas-listed foreign shares listed in Hong Kong by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

If warrants sent by post to shareholders by the Company have been left withdrawn, the Company may cease sending dividend warrants by post only after such warrants have been so left withdrawn on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered to the recipient.

The right to sell the shares of members who are unable to be contacted by the Company shall not be exercised unless the following requirements are satisfied:

- (1) At least three dividends in respect of the shares in question have been distributed in the past twelve years and no dividend has been claimed during such period;
- (2) The Company has published an announcement in newspapers, upon expiry of the twelve years, stating its intention to sell the shares, and has notified the same to the Hong Kong Stock Exchange.

Section 2 Internal Audit

Article 231

The Company implements an internal audit system with professional audit personnel conducting independent objective review and appraisal of the Company's financial income, expenses, operating activities, risk exposure, internal control and corporate governance.

Article 232

The Company's internal audit system and the job specification of the audit personnel shall be approved by the board of directors. The officer in charge of the audit shall be accountable to the board of directors.

Chapter 12 Appointment of Accounting Firm

Article 233

The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual shareholders' meeting and the accounting firm so appointed shall hold office until the conclusion of the first annual shareholders' meeting.

The Company shall appoint such accounting firm which has obtained the Qualifications for Engaging in the Business Related to Securities for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy service. The term of appointment is one (1) year and is eligible for re-appointment.

The appointment of an accounting firm by the Company shall be decided by the shareholders' meeting. The board may not appoint an accounting firm before the decision is made by the shareholders' meeting.

Article 234

The accounting firm appointed by the Company shall hold office from the conclusion of the annual shareholders' meeting at which the appointment is made until the conclusion of the next annual shareholders' meeting.

Article 235

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

- (1) A right to inspect at any time the account books, records and vouchers of the Company, and to require the directors, president or other senior management officers of the Company to provide any relevant information and explanation thereof;
- (2) A right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the performance of duties of such accounting firm;
- (3) A right to attend shareholders' meetings and receive all notices or other information about any shareholders' meeting which any shareholder is entitled to, and speak at any shareholders' meeting in relation to matters concerning its role as the accounting firm of the Company.

Article 236

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information without refusal, withholding or misstatement.

Article 237

If there is a vacancy of the office of the accounting firm, the board may fill up the vacancy by appointing an accounting firm before convening the shareholders' meeting. But during period when the vacancy subsists, if the Company has other accounting firm in office, such firm can continue to carry out the relevant duty.

Article 238

A shareholders' meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the accounting firm and the Company, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

Article 239

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined in shareholders' meeting. The remuneration of an accounting firm appointed by the board shall be determined by the board.

Article 240

The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved in shareholders' meeting. The resolution of the shareholders' meeting shall be filed with the securities regulatory authority of the State Council.

Where it is proposed that any resolution is passed at a shareholders' meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, or to reappoint a retiring accounting firm which was appointed by the board to fill a casual vacancy, or to remove the accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about appointment or removal 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 fiscal year before notice of meeting is given to the shareholders. Leaving includes leaving by dismissal, resignation and retirement.
- (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall take the following measures, unless the representations are received too late:
 - (1) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave;
 - (2) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the articles of association.
- (3) If the accounting firm's representations are not sent in accordance with item (2) above, the relevant accounting firm may require that the representations be read out at the shareholders' meeting and may lodge further representations.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
 - (1) the shareholders' meeting at which its term of office expires;
 - (2) the shareholders' meeting at which it is proposed to fill the vacancy caused by its removal;
 - (3) the shareholders' meeting convened on its resignation.

The accounting firm which is leaving its post shall be entitled to receive all notices of or other information relating to any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

Article 241

Prior to the removal or the non-renewal of the appointment of an accounting firm by the Company, notice of such removal or non-renewal shall be given to the accounting firm concerned and such firm shall be entitled to make representation at the shareholders' meeting. Where the accounting firm resigns from its post, it shall make clear to the shareholders' meeting whether there has been any impropriety on the part of the Company.

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

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

Where a notice is deposited under the preceding paragraph, the Company shall send a copy of the notice to the competent authority within fourteen days. If the notice contains a statement referred to in item (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign shares by prepaid post, and it shall be sent to their addresses recorded in the register of shareholders.

Where the notice of resignation of an accounting firm contains a statement giving an account of any matters, the accounting firm may require the board to convene an extraordinary shareholders' meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

Chapter 13 Notice and Announcement

Article 242

Notices of the Company shall be served by one of the following methods:

- (1) By someone sent;
- (2) By mail;
- (3) By facsimile or e-mail;
- (4) By making announcement on the website designated by the CSRC and stock exchanges where the Company's shares are listed in accordance with laws, administrative regulations and the listing rules at the location where the Company's shares are listed;
- (5) By announcement;
- (6) By other methods stipulated in this Articles of Association.

Article 243

Unless otherwise specified in this Articles of Association, for notice issued by the Company to the holders of overseas-listed foreign-invested shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the Hong Kong Stock Exchange electronic publishing system for

immediate release on the website of the Hong Kong Stock Exchange in accordance with the rules of the listing place. The announcement shall also be published on the Company's website at the same time.

Holders of the Company's overseas-listed foreign-invested shares may select in writing to receive the corporate communication that the Company is required to send to shareholders either by electronic or by post, and may also select to receive either the English or Chinese version, or both the English and Chinese versions. They shall have the right to change their choices as to the manner of receiving the same and the language at any time by reasonable prior written notice to the Company in accordance with applicable procedures.

Article 244

Where a notice of the Company is served by an announcement, the aforesaid notice shall be deemed as received by all relevant persons once it is published.

Article 245

Should the Company's notice be delivered by someone sent, the recipient shall sign (or affix his/her seal) on the reply slip upon delivery and the date of receipt shall be the date of delivery.

When a notice is delivered by mail, it shall have the properly written address, the postage is prepaid, and the notice is contained in the envelope. The notice shall be deemed as having been delivered to the shareholders from the forty-eighth (48th) hour upon deposited at a post-office. Should the Company's notice be delivered in the form of an announcement, the first date of announcement shall be the date of delivery.

Article 246

Any notice, document, information or written statement given by a shareholder or director to the Company shall be delivered by someone or by registered mail to the legal address of the Company.

Shareholders or directors of the Company who wish to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

Article 247

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

Article 248

Notice made by the Company to holders of its domestic shares shall be published by way of announcement on one or more media and websites designated by the securities regulatory authority of the State Council and on the Company's website; upon the publication of such announcement, all holders of domestic shares shall be deemed to have received the relevant notice.

**Chapter 14 Merger, Division, Capital Increase and Decrease,
Dissolution and Liquidation****Section 1 Merger, Division, Capital Increase and Decrease****Article 249**

In the event of the merger or division of the Company, a plan shall be proposed by the Board and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan to purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.

Article 250

The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger of the Company, 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 ten days from the date of the Company's resolution on merger and shall make newspaper announcement within thirty days from the date of the Company's resolution on merger. A creditor shall have the right to require the Company to fully settle its debts or to provide guarantee for such debt, within thirty days upon receiving the notice, or within forty five days from the date of the announcement which the creditor fail to receive such notice.

After the merger, assets and liabilities of all parties to the merger shall be taken over by the continuing company or the newly established company.

Article 251

When the Company is divided, its assets shall be split up accordingly.

In the event of a division of the Company, the parties to the division shall enter into a division agreement and prepare balance sheets and a list of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution on division and shall make a newspaper announcement within thirty days from the date of the Company's resolution on division.

Debts incurred by the Company before its division shall be borne by the companies existing after the division in accordance with relevant agreements, unless settlement of debts prior to the division has been otherwise agreed in writing between the Company and the creditors.

Article 252

The Company must prepare a balance sheet and a list of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days from the date of the Company's resolution regarding reduction of registered capital and shall publish an announcement on newspapers within thirty days from the date of such resolution. A creditor shall have the right to require the Company to fully settle its debts or to provide guarantee for such debt, within thirty days upon receiving the notice, or within forty five days from the date of the announcement which the creditor fails to receive such notice.

The registered capital of the Company following the reduction thereof may not fall below the minimum statutory amount.

Article 253

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the laws. When the Company dissolves, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

If the Company increases or reduces its registered capital, the Company shall, in accordance with the laws, apply for change in registration with the company registration authority.

Section 2 Dissolution and Liquidation

Article 254

The Company shall be dissolved and liquidated legally in event of any of the following conditions:

- (1) A resolution on dissolution is passed by shareholders' meeting;
- (2) Dissolution is necessary due to a merger or division of the Company;
- (3) The Company is legally declared to be bankrupt due to its failure to repay debts due;

- (4) As a result of violation of the laws or administrative regulations, the Company's business license is revoked, the Company is de-registered or ordered to close down in accordance with the laws;
- (5) Shareholders holding more than 10% of the voting rights of all shareholders may petition the People's Court to dissolve the Company on the basis that there are serious difficulty in operation and management of the Company and its continued making significant loss to shareholders' benefit and that cannot be avoided by any other means.

Article 255

Where the Company is dissolved pursuant to item (1), item (2), item (4) and item (5) of the preceding article, a liquidation committee shall be set up within fifteen days, and its members shall be appointed by shareholders' meeting using the ordinary resolution.

Where the Company is dissolved pursuant to the provisions of Item (3) of the preceding article, according to the relevant laws, the People's Court shall organize to form a liquidation committee comprising the shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.

Article 256

Where the board proposes to liquidate the Company (due to causes other than where the Company has declared that it is insolvent) it shall include a statement in its notice convening a shareholders' meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

Upon the resolution is passed by shareholders' meeting for the liquidation of the Company, all functions and powers of the board shall cease.

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

Article 257

The liquidation committee shall notify the creditors within ten days from the date of its establishment and make an announcement in newspapers (including those made in China and in compliance with the Listing Rules) within sixty days.

Within thirty days after receiving the notification of liquidation or, in the case of not having received the notification in person, within forty five days after the first announcement has been made, the creditors should declare their rights to the liquidation committee. The creditors' declaration of their rights should state details about their rights and the creditors should provide related proof. The liquidation committee shall register the creditors' rights.

During the period of reporting claims, the liquidation committee may not make settlement with creditors.

Article 258

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) To ascertain the Company's assets and separately prepare a balance sheet and a list of assets;
- (2) To notify creditors by sending notice or by making announcement;
- (3) To deal with and settle the Company's outstanding business in relation to the liquidation;
- (4) To settle outstanding taxes and such taxes incurred during the course of the liquidation;
- (5) To ascertain all claims and debts;
- (6) To dispose of the remaining assets of the Company after the repayment of debts;
- (7) To represent the Company in any civil proceedings.

Article 259

After checking the Company's assets and preparing a balance sheet and a list of assets, the liquidation committee shall formulate a liquidation plan and submit the same to the shareholders' meeting or relevant competent authorities for confirmation.

The Company's assets shall be applied to liquidation following the order under the legal requirements and if no laws are applicable, they shall be applied by the fair and reasonable order as determined by the liquidation committee.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above 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.

The Company shall not undertake any new business activities during the process of liquidation.

Article 260

In the event of the Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and a list of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the Company is declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

Article 261

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the shareholders' meeting or relevant competent authorities for confirmation.

The liquidation committee shall within thirty days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

Article 262

The members of the liquidation committee shall be faithful in the discharge of their duties and shall perform the duties regarding liquidation in accordance with the laws.

The members of the liquidation committee may not take bribes or other illegal income by utilizing the authority of their positions and may not misappropriate the Company's property.

Should the members of the liquidation committee cause the Company or the creditors to suffer from any loss due to intentional fault or gross negligence, they should be liable to compensate the Company or creditors.

Chapter 15 Amendment to the Articles of Association**Article 263**

The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

Article 264

The Company shall amend this articles of association in any of the following circumstances:

- (1) There is a discrepancy between the provisions of the articles of association and those of laws and administrative regulations after the amendment to the Company Law or relevant laws and administrative regulations;
- (2) There are changes in the situation of the Company resulting in the inconsistency in relation to the scenarios mentioned in the articles of association;
- (3) The shareholders' meeting resolves to amend the articles of association.

Article 265

The Company's articles of association shall be amended in the following manners:

- (1) The board of directors shall propose amendments to the Company's articles of association;
- (2) The foregoing proposal shall be furnished to the shareholders in writing and a shareholders' meeting shall be convened;
- (3) The amendments shall be approved by votes representing more than two-thirds of the voting rights represented by the shareholders present at the meeting.

Article 266

Where the amendments to this articles of association resolved and passed at the shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where company registration is involved, registration of the change shall be duly processed in accordance with the laws.

Article 267

The board shall amend this articles of association in accordance with the relevant resolution passed at the shareholders' meeting and examination and approval opinions from relevant authorities.

Article 268

Where the matters on the amendments to this articles of association constitute information that shall be disclosed under the laws and regulations, the Company shall disclose such amendments according to the stipulations.

Chapter 16 Settlement of Disputes**Article 269**

The Company shall act according to the following principles to settle disputes:

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

Where a dispute or claim of rights in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, director, supervisor, president or other senior management officers of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Disputes in relation to the identification of shareholders and the register of shareholders may not be referred to arbitration.

- (2) A claimant may select arbitration at either the South China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral organization selected by the claimant.

If a claimant selects arbitration 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 prescribed in item (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The decision of an arbitration organization shall be final and conclusive and binding on all parties.

Chapter 17 Supplementary Provision**Article 270**

The “accounting firm” in this Articles of Association shall have the same meaning as “auditors”.

The actual controller referred herein in this Article of Association shall refer to persons who are not shareholders of the Company but can actually dominate the Company’s action through investment relationship, agreement(s) or other arrangements.

“Connected relations” refer to the relationship between the Company’s controlling shareholders, actual controller, directors, supervisors, senior management officers and those enterprises which are directly or indirectly controlled by the foregoing parties and such other relations which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations merely because they are all being controlled by the state.

Article 271

This Articles of Association is written in different languages. Should there be any inconsistencies between the contexts of different versions, the Chinese version shall prevail.

Article 272

The terms “over”, “within” and “less than”, as stated in this Articles of Association shall all include the given figure; the terms “except”, “lower than” and “more than” shall all exclude the given figure.

Article 273

The attachment hereof shall include the rules of procedure for the shareholders’ meeting, the rules of procedure for the board of directors and the rules of procedure for the supervisory committee.

Article 274

The interpretation rights of the Articles of Association belong to the board of the Company and the amendment rights of the Articles of Association belong to the shareholders’ meeting.

APPENDIX 4 THREE-YEAR SHAREHOLDERS' PROFIT DISTRIBUTION PLAN COMMENCING AFTER THE LISTING OF A SHARE

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

In accordance with requirements of the Company Law, the Notice of the Matters in relation to Further Implementation of Distribution of Cash Dividends by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), the Listed Companies Regulatory Guidance No.3 – Cash Dividends of Listed Companies (《上市公司監管指引第3 – 上市公司現金分紅》) and the Articles of Association, after full transfer to the statutory reserve and surplus reserve, the profit distribution plan of the Company following the listing of A Shares is as follows:

(1) Basic Principles of Profit Distribution Policies

Committed to delivering a Shareholders' return, the Company will adopt a consistent and stable profit distribution policy, which emphasizes investors' expectations of a reasonable investment return while taking into account the Company's ongoing development;

(2) Manners of Profit Distribution

The Company may distribute dividends by way of cash, bonus shares or a combination of both, where cash dividends takes priority whereby the distribution will not exceed the amount of accumulated distributable profits. If the capital expenditure satisfies the outlined budget requirements as set out by the Company, an interim cash dividend may also be distributed based on operating profits and cash flow for the period.

(3) Specific conditions and Proportion of Cash Dividend

The Company will distribute cash dividends where the net profit for the year is positive and the accumulated undistributed profit at the end of the year is positive. The profit to be distributed in cash will not be less than 10% of the distributable profit realized for that year.

As a minimum requirement, all of the following criteria should be satisfied before a cash dividend is made:

1. Distributable profit, being profit after loss, transfer to reserves and tax, of the Company for the year is positive and there is sufficient cash so that the cash dividend will not affect the ongoing operations of the Company;
2. A standard and unqualified audit report by the auditor has been issued on the financials of the Company for the corresponding year;
3. The Company has no plans for any significant investment; and
4. The cash dividend is not in violation of any laws, regulations, statutes, government regulatory documents, applicable rules or agreements or documents binding on the Company or its subsidiaries.

**APPENDIX 4 THREE-YEAR SHAREHOLDERS' PROFIT DISTRIBUTION
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Where a dividend in bonus shares is also made, the Board will take into consideration the prevailing circumstances to formulate the most appropriate level of distribution versus the level of cash dividend distribution. These circumstances include but are not limited to taking into account of the state of the industry where the Company operates, its stage of development, its own business model, and profitability and other factors such as whether there is significant capital expenditure arrangement:

1. If the Company is at a mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends will be at least 80% of the profits available for distribution;
2. If the Company is at a mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends will be at least 40% of the profits available for distribution; and
3. If the Company is in a growth stage and has significant capital expenditure commitments, the proportion of cash dividends will be at least 20% of the profits available for distribution.

If the Company's stage of development is difficult to distinguish but there are significant capital expenditures outstanding, the profit distribution may be dealt with pursuant to the preceding rules.

(4) Specific Conditions for Distribution of Dividend in Shares

The Company mainly adopts cash dividends as its means of profit distribution. If the Company's revenue is growing rapidly, the Board considers that the Company's prevailing share price does not match the size of its share capital and the Company is ready for share capital expansion, dividends in shares may be distributed in addition to the cash dividends aforesaid. The proposal for such dividends in shares will be submitted in a general meeting for approval after being approved by a Board meeting.

(5) Measure and Procedures for Decision-making on Profit Distribution Policies

1. In formulating a sensible profit distribution proposal, the Board will balance short-term benefits with the long-term development of the Company by taking account of the various stages of development, current operations and capital needs of investments, as well as Shareholders' interest.
2. In formulating the specific cash dividend proposal, the Board will thoroughly research and determine the best timing, conditions, minimum proportion, make necessary adjustments based on prevailing conditions and consider other factors when determining the level of the Company's cash dividends. The independent Directors will express explicit opinions.

**APPENDIX 4 THREE-YEAR SHAREHOLDERS' PROFIT DISTRIBUTION
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3. Prior to the Board meeting to consider the profit distribution, Independent Directors will express explicit opinions thereon, and, if necessary, may propose to convene a general meeting to discuss. Independent Directors may seek views from minority Shareholders, propose a dividend proposal and directly submit to the Board for approval.
4. The profit distribution proposal approved, based on the above procedures, will be proposed by the Board at a general meeting for approval and be implemented upon being passed by over half of the voting rights held by the Shareholders attending such meeting (including those by proxy), provided that dividends in shares are to be passed by over two-thirds of the same.

Before a cash dividend proposal is considered at a general meeting, the Company will communicate with Shareholders (especially minority Shareholders) using through various channels (such as verbal communication with investors, an email mailbox for the public, online platforms and investors' conference) to take into account the opinion and requests of minority Shareholders and timely respond to their issues.

(6) Changes in Profit Distribution

The Company's profit distribution policies will not be ordinarily adjusted such to lower the level of return to Shareholders. If the need arises, the Company will adjust the profit distribution policies in response to material changes in the external operating environment or its operations to the extent it does not contravene any relevant provisions of the CSRC and stock exchange.

The profit distribution policies of the Company are formulated by the Board and will be submitted to a general meeting for approval after being passed by over a two-third majority of Directors and over half of the Independent Directors. Independent Directors and the Supervisory Board will review and issue written opinions on the profit distribution policies so submitted.

The Company will widely consult Independent Directors, Supervisors and public investors for any adjustment to profit distribution policies in response to capital requirements arising from assets underconstruction, operation, significant investment and development plans. In making such adjustment, the Board will adhere to the principle of Shareholders' interest and give detailed reasoning and explanation thereon at the general meeting when relevant resolutions are to be proposed. The adjusted profit distribution policies will not contravene any relevant provisions of the CSRC and stock exchange. The relevant resolutions will be proposed and passed by over a two-thirds majority of the voting rights held by the Shareholders attending such meeting after consulting Independent Directors and the Supervisory Board and approved at a Board meeting. Conveniences such as online voting will be provided for the minority Shareholders to facilitate their attendance.

**APPENDIX 4 THREE-YEAR SHAREHOLDERS' PROFIT DISTRIBUTION
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(7) Formulation of future plans for Shareholders' return

The Company will formulate a plan for Shareholders' return every three years. The plans will be determined by the Board by taking into account in full the specific operation, profitability, cash flow, development stage and the recent capital requirement of the Company in accordance with the Articles of Association.

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Chapter 1 General Provisions

Article 1

In order to regulate the acts of Guangzhou R&F Properties Co., Ltd. (the “Company”) and ensure the legal performance of its functions and duties by shareholders’ general meeting of the Company, these Rules are formulated according to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies promulgated by the State Council (the “Special Regulation”), Rules of General Meetings for Listed Companies (Revised in 2014) (the “Rules of General Meetings”) and provisions of other relevant laws, administrative regulations and listing rules of the place where the shares are listed as well as the Articles of Association of the Company.

Article 2

The Rules shall be applicable to the general meeting, and binding upon the Company, all shareholders, authorised proxies of shareholders, Directors, Supervisors, senior management members, and other relevant persons who are present at the general meeting.

Article 3

The general meeting shall consist of all shareholders of the Company, and exercise its functions and powers specified by the laws and the Articles of Association. Any entity or individual shall not unlawfully interfere with the shareholder’s disposal of his/her own rights.

Article 4

The shareholders and the authorised proxies of shareholders who attend the general meeting shall comply with the provisions specified by laws, regulations, the Articles of Association, and the Rules, and maintain the order of the meeting consciously, and shall not infringe the lawful rights and interests of other shareholders.

Article 5

The Company shall convene shareholders’ general meetings in strict compliance with relevant requirements of the laws, administrative regulations and the Articles of Association, and shall ensure that shareholders can exercise their rights according to law.

The board of directors of the Company shall earnestly perform its duties, and shall organize shareholders' general meetings in a serious and timely manner. All the directors of the Company shall diligently and responsibly ensure the normal convening of a shareholders' general meeting and the exercise of its functions and authorities according to law.

Article 6

The shareholders' general meeting shall exercise its functions and authorities within the scope specified by the Company Law and the Articles of Association.

Article 7

These Rules shall become a normative document which is binding on the Company's shareholders, directors, supervisors and senior management commencing for its effective date.

Chapter 2 General Requirements of Shareholders' General Meeting

Article 8

The Shareholders' General Meeting is the organ of authority of the Company and shall legally exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace directors and supervisors who are not employee representatives and to fix the remuneration of the relevant directors and supervisors;
- (3) to consider and approve the reports of the Board;
- (4) to consider and approve the reports of the Supervisory Committee;
- (5) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (6) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (7) to adopt resolutions on any increase or reduction of registered capital of the Company;
- (8) to adopt resolutions on the issue of corporate bonds;
- (9) to adopt resolutions on the Company's merger, division, dissolution, liquidation or alteration of corporate form;
- (10) to adopt resolutions on the appointments and dismissals of accounting firms of the Company;

- (11) to amend the Articles of Association;
- (12) to consider and approve the matters relating to guarantees stipulated in Article 9 of the Rules;
- (13) to consider matters relating to the purchases and disposals of the Company's material assets which account for 30% or more of the Company's latest audited total assets within one (1) year;
- (14) to consider and approve the alteration to the intended use of the funds raised;
- (15) to consider the equity incentive scheme of the Company;
- (16) to consider and approve resolutions raised by shareholders who represent not less than 3% of the total number of voting shares of the Company;
- (17) to consider and approve other matters required by relevant laws, administrative regulations and the Articles of Association to be resolved at the Shareholders' General Meeting. The Shareholders' General Meeting may authorize or delegate to the Board to attend to authorized or entrusted matters.

Article 9

The following external guarantees to be given by the Company shall be considered and approved by the shareholder's general meeting.

- (1) any external guarantee to be given by the Company and its subsidiaries in which it has a controlling interest, the total amount of which reaches or exceeds 50% of their latest audited net assets;
- (2) any external guarantee to be given by the Company, the total amount of which reaches or exceeds 30% of its latest audited total assets;
- (3) any guarantee to be given to a company whose gearing ratio exceeds 70%;
- (4) any single guarantee whose amount exceeds 10% of the latest audited net assets of the Company;
- (5) any guarantee to be given to the shareholders, de facto controllers and their associates.

Article 10

Shareholders' general meetings are categorized into annual general meetings and extraordinary general meetings. The board of directors generally convenes shareholders' general meetings. The annual general meeting shall be held once every year and convened within six months after the end of the previous accounting year.

Article 11

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date on which the circumstance occurs:

- (1) The number of Directors is less than the minimum number specified in the Company Law, or less than two-thirds of the number specified in the Articles of Association;
- (2) The unrecovered losses of the Company represent one-third of the total paid-up share capital;
- (3) Shareholders individually or jointly holding more than 10% of the Company's issued shares with voting rights request in writing to convene an extraordinary general meeting;
- (4) the Board considers it necessary or independent director proposes to convene such a meeting;
- (5) the Supervisory Committee proposes to hold such a meeting;
- (6) other circumstances as required by laws, administrative regulations, departmental rules or the Articles of Association.

The number of shares held by shareholders as specified in Item (3) above shall be calculated as at the date of the written request of relevant Shareholders.

Where the Shareholders' General Meeting cannot be convened within the period specified hereinabove, the Company shall report to China Securities Regulatory Commission's local agency at the domicile of the Company and the stock exchange where the Company's shares are listed, and announce the explanations on the reasons.

Article 12

The Shareholders' General Meetings of the Company shall be held at the domicile of the Company or other places specified in the notices of relevant meetings.

The Company shall set up the venue and convene the meeting by way of on-site meetings. Under the condition that the Company ensures the legality and validity of the general meeting of shareholders, multiple means and methods, including modern information technology such as an Internet voting platform, may be provided for the convenience of the shareholders in attending such meeting.

Shareholders attending the general meeting of shareholders via the abovementioned methods are considered to be present at such meeting.

Article 13

If a shareholders' general meeting is held through the Internet or other methods, the notice of shareholders' general meeting should clearly specify the time and voting procedure using such methods.

The commencement time for voting at the shareholders' general meeting through the Internet or other methods shall not be earlier than 3 p.m. of the previous day of holding of the on-site shareholders' general meeting, and not later than 9.30 a.m. on the day of holding of the on-site shareholders' general meeting. The conclusion time shall not be earlier than 3 p.m. on the day of conclusion of the on-site shareholders' general meeting.

Article 14

The Board and other conveners of the Company shall adopt necessary procedures to ensure the proper order of the shareholders' general meeting. Any actions which interfere with the shareholders' general meeting, causing disruptions and interfering with the legal rights of shareholders shall be stopped by taking measures and immediately reported to the relevant departments for investigation.

Article 15

When convening a shareholders' general meeting, the Company shall appoint a lawyer to issue legal opinion and publish an announcement in respect of the following issues:

- (1) Whether the convening of the shareholders' general meeting and its procedures are in accordance with the laws, administrative regulations and the articles of association of the Company;
- (2) Whether the qualifications of the attendees and the convener are lawful and valid;
- (3) Whether the voting procedures and results at the meeting are lawful and valid;
- (4) Legal opinions on any other matters as requested by the Company.

Chapter 3 Convening of Shareholders' General Meetings

Article 16

The board of directors shall convene the shareholders' general meeting on time in accordance with the specified period set out in these Rules.

Article 17

More than half of the independent directors are entitled to propose to the board of directors for convening an extraordinary general meeting of shareholders. The board of directors shall, in accordance with the laws, administrative regulations and the articles of association of the

Company, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting of shareholders within 10 days after receiving such proposal.

In the event that the board of directors agrees to convene an extraordinary general meeting of shareholders, it shall serve the notice of such meeting within 5 days after the relevant board resolution is passed. In the event that the board of directors does not agree to convene an extraordinary general meeting of shareholders, it shall give reasons and make an announcement in respect thereof.

Article 18

The Supervisory Committee is entitled to propose to the board of directors for convening an extraordinary general meeting of shareholders and such proposal shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the articles of association of the Company, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting of shareholders within 10 days after receiving such proposal.

In the event that the board of directors agrees to convene an extraordinary general meeting of shareholders, it shall serve the notice of such meeting within five days after the relevant board resolution is passed. Consent of the Supervisory Committee shall be obtained in the event of any changes made to the original proposal in the notice.

In the event that the board of directors does not agree to convene an extraordinary general meeting of shareholders or does not furnish any written reply within ten days after receiving such proposal, the board of directors is deemed to be unable to perform or fail to perform the duty of convening a shareholders' general meeting, in which case the Supervisory Committee may convene and preside over such meeting by itself.

Article 19

Shareholders shall comply with the following procedures when they request to convene an extraordinary general meeting or a class meeting:

- (1) Any shareholder(s) individually or jointly holding over 10% of the Company's shares is entitled to propose to the board of directors for convening an extraordinary general meeting and such proposal shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the articles of association of the Company, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting of shareholders within ten days after receiving such proposal.

In the event that the board of directors agrees to convene an extraordinary general meeting of shareholders, it shall serve the notice of such meeting within five days after the relevant board resolution is passed. Consent of the relevant shareholders shall be obtained in the event of any changes made to the original proposal in the notice.

- (2) In the event that the board of directors does not agree to convene an extraordinary general meeting of shareholders or does not furnish any written reply within ten days after receiving such proposal, any shareholder(s) individually or jointly holding over 10% of the shares is/are entitled to propose to the Supervisory Committee for convening an extraordinary general meeting of shareholders and such proposal shall be made in writing.
- (3) In the event that the Supervisory Committee agrees to convene an extraordinary general meeting of shareholders, it shall serve the notice of such meeting within five days after receiving such proposal. Consent of such shareholders shall be obtained in the event of any changes made to the original proposal in the notice.

In the event that the Supervisory Committee does not serve any notice of an extraordinary general meeting of shareholders within the prescribed period, the Supervisory Committee is deemed not to convene and preside over such meeting, in which case the shareholder(s) individually or jointly holding over 10% of the shares for ninety consecutive days or more may convene and preside over such a meeting by themselves.

Where the Supervisory Committee or the shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the board of directors in writing and file with the securities regulatory authority under the CSRC and the stock exchange where the Company is located.

Prior to the publication of the resolution of the shareholders' general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.

Shareholders convening the shareholders' general meeting shall, upon giving a notice of such meeting and publishing the resolution thereof, submit the relevant supporting materials to the securities regulatory authority under the CSRC and the stock exchange where the Company is located.

Article 20

With regard to the shareholders' general meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the board of directors and its secretary shall offer cooperation. The board of directors shall provide a register of members as of the shareholding record date. If the board of directors fails to provide the register of members, the convener may apply to the securities registration and clearing authority to obtain it upon presentation of the announcement relating to the notice of the shareholders' general meeting. The register of members obtained by the convener shall not be used for other purposes except for the shareholders' general meeting.

Article 21

Any reasonable cost incurred in connection with the convening and holding of the meeting by the Supervisory Committee itself or the shareholders themselves not in accordance with the foregoing requirements shall be borne by the Company.

Article 22

If members of the Board are less than the minimum quorum required by the Company Law or less than two-thirds of the number required by the Articles of Association, or the uncovered losses of the Company reach one-third of its total paid-up share capital, and the Board fails to convene an extraordinary general meeting within the given period, the Supervisory Committee or the Shareholders may convene an extraordinary general meeting on its or their own in accordance with the procedures specified under this Chapter.

Chapter 4 Proposal and Notice of Shareholders' General Meetings

Article 23

The board of directors, the Supervisory Committee and the shareholder(s) individually or jointly holding over 3% of the shares in issue of the Company carrying voting rights shall have the right to submit proposals at shareholders' general meetings held by the Company.

Article 24

Shareholders individually or collectively holding over 3% of the shares in issue of the Company carrying voting rights may submit their provisional proposals in writing to the board of directors ten days before holding of a shareholders' general meeting. The board of directors shall issue a supplementary notice of the shareholders' general meeting within two days upon receipt of the proposals, and announce the contents of the interim proposals.

Apart from the provisions set forth in the preceding paragraph, the convener shall neither modify the proposals nor add new proposals in the notice of the shareholders' general meeting after issue of the notice.

Proposals not stated in the notice of the general meeting of shareholders or proposals which do not meet the requirements in these Rules, shall not be voted or resolved at the general meeting of shareholders.

Article 25

The proposals of shareholders' general meetings shall fulfill the following conditions:

- (1) Do not infringe laws, administrative regulations, rules and the Articles of Association of the Company and within the scope of operation of the Company and scope of duties of the shareholders' general meeting;

- (2) Contain definite subject matters for discussion and specific items to be resolved;
- (3) Shall be submitted or served in writing to the Board of Directors.

The board of directors shall act in the best interests of the Company and the shareholders and shall review the proposals proposed at the shareholders' general meeting in accordance with the above requirements. If the board of directors decides not to include the proposals in the agenda, it shall provide explanation and description at such meeting.

Article 26

If the Supervisory Committee or the shareholder who puts forward the proposal has objection to the convener's decision not to list the proposal into the agenda of the general meeting, an extraordinary general meeting can be convened in accordance with Chapter III of the Rules.

Article 27

For convening the general meeting, the Company shall give a 45 days' prior written notice to notify shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting.

Article 28

Unless otherwise required by relevant laws, regulations, the Listing Rules of the place where the Company's shares are listed and the Articles of Association, a notice of general meeting shall be given to shareholders by way of announcement or dispatched to shareholders (regardless of whether they have voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by securities regulatory authorities under the State Council and the regulatory authorities of the place where the Company's shares are listed, as well as the websites of the Company and the stock exchange.

Article 29

If a shareholders' general meeting is held through the internet or other methods, the notice of shareholders' general meeting should clearly specify the time and voting procedure using such methods. The commencement time for voting at the shareholders' general meeting through the internet or other methods shall not be earlier than 3 p.m. of the previous day of holding of the on-site shareholders' general meeting, and not later than 9.30 a.m. on the day of holding of the on-site shareholders' general meeting. The conclusion time shall not be earlier than 3 p.m. on the day of conclusion of the on-site shareholders' general meeting.

Article 30

The notice of the shareholders' general meeting shall meet the following requirements:

- (1) be made in writing;
- (2) specify the venue, date and time for the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide the shareholders such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle includes (but is not limited to) where the Company proposes to merge with the other, repurchase its shares, restructure its share capital or undergo other reorganization, the specific terms and conditions of the proposed transactions must be provided in detail together with copies of the contracts related thereto, if any, and the causes and consequence of the same must be properly explained;
- (5) if any Directors, Supervisors, Presidents and other senior management members have material interests in the matters subject to discussion, the nature and extent of such material interests shall be disclosed, and if the effect of the proposed matters on such Directors, Supervisors, Presidents and other senior management members in their capacity as shareholders is different from that of other shareholders of the same class, the differences shall also be specified;
- (6) contain the full text of any special resolution to be proposed and approved at the meeting;
- (7) it shall contain a clear statement that a shareholder who is entitled to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his/her behalf and such proxy or proxies need not be shareholder(s);
- (8) it shall state the record date of the shareholders who are entitled to attend the general meeting;
- (9) it shall state the date and place for serving the letter of proxy for the meeting;

Article 31

The time gap between the record date and the date of the meeting shall be not more than 7 working days. Once the record date is settled, it cannot be changed.

Within 30 days prior to the convening of a general meeting or within 5 days prior to the record date set by the Company for the purpose of distribution of dividends, transfers shall not be entered in the register of shareholders.

If it is otherwise required by the securities regulatory authority of the place where the Company's stock is listed, such requirements and regulations shall prevail.

Article 32

The notice and supplementary notice of the general meeting shall fully and completely disclose all the specific contents of the proposal and all information or explanation which are necessary for shareholders to make reasonable judgment in respect of the matters to be discussed. Where the independent directors are required to express their opinions on the matters to be discussed, the notice or the supplementary notice of the meeting shall also disclose the views and reasons of the independent directors at the same time.

Article 33

If the election of directors and supervisors is to be discussed at the shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose the detailed information of the candidates for directors and supervisors, which shall at least include the following contents:

- (1) Educational background, work experience, part-time jobs, and other personal data;
- (2) Whether they are related parties of the Company or its controlling shareholder and actual controller;
- (3) Their shareholdings in the Company;
- (4) Whether they have been penalized by the CSRC and other relevant authorities and the stock exchange;
- (5) Other matters as required by the Listing Rules of the place where the Company's shares are listed.

Apart from election of directors and supervisors through cumulative voting, a single proposal is to be made for each candidate for directors and supervisors.

Article 34

The accidental omission to send a notice of meeting to, or the non-receipt of a notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

Article 35

After giving the notice of shareholders' general meeting, such meeting shall not be postponed or cancelled and the proposal set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two working days prior to the date on which the meeting is originally scheduled.

Article 36

The secretary to the Board shall, under the leadership of the Board, coordinate relevant departments of the Company to accomplish the preparation of the general meeting and files and send to the shareholders attending the meeting, the Company's Directors, Supervisors, and other senior management members and the lawyer engaged by the Company.

Chapter 5 Convening of General Meeting

Article 37

All shareholders registered on the record date or their proxies shall be entitled to attend the general meetings, and shall exercise their voting rights in accordance with relevant laws, regulations, the Listing Rules of the place where the Company's shares are listed and the Articles of Association. The shareholders may attend the shareholders' general meeting in person, or appoint proxies to attend the meeting and vote on their behalf.

Article 38

Any shareholder entitled to attend and vote at the shareholders' general meeting shall have the right to entrust one or several persons (who may not be shareholders) to act as his/her proxy/proxies to attend the meeting and exercise the rights of voting on his/her behalf. The proxy/proxies shall exercise the following rights according to the entrustment of the shareholders:

- (1) Right to speak at the meeting;
- (2) Right to demand at their own discretion or, jointly with others, a poll;
- (3) Right to vote according to the rule of law and regulation and the article of association of the Company.

Where more than one proxy is appointed, the proxies may only exercise the voting right at a poll.

Article 39

Shareholders may attend the general meeting and vote in person and may also appoint proxies to attend and vote under the authorization at the meeting, both of which have the same legal effect.

Article 40

Individual shareholders attending the general meeting in person shall produce their identity cards or other valid proof or evidence of their identities as well as stock account cards and, in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the letters of proxy from shareholders.

Where a shareholder is a legal entity, its legal representative or a proxy authorised by such legal representative, or other persons authorized by the resolutions of the Board or other decision-making organ shall attend the general meeting. In case of attendance by legal representatives or other persons authorized by the resolutions of the Board or other decision-making organ, they shall produce their identity cards and valid proof of their capacities as legal representatives or persons authorized by the resolutions of the Board or other decision-making organ. In the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the letters of proxy duly issued by such legal representatives.

Article 41

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorized in writing; for a corporate Shareholder, the proxy must be affixed with the common seal or signed by its Director or other authorized personnel or the agent duly appointed.

Proxy forms issued by shareholders appointing others to attend the shareholders' general meeting shall specify the following:

- (1) Name of proxy;
- (2) Whether or not the proxy is entitled to vote;
- (3) Instructions in relation to voting for or against or giving up voting rights on each subject matter that may be included in the agenda of the shareholders' general meeting;
- (4) Issue date and effective period of the power of attorney;
- (5) Signature (seal) of the authorizing person; or official seal of the corporate shareholder if the authorizing person is a corporate shareholder.

Article 42

Power of attorney for voting proxy shall, at least 24 hours prior to the convening of the meeting at which the matters covered by such power of attorney will be discussed and reviewed, or 24 hours prior to specified voting time, be made available at the office of the Company or any other place as specified in the meeting notice.

If the power of attorney is signed by a person authorized by the authorizing person, a notarial certificate shall be issued for the power of attorney or other authorization documents. The notarized power of attorney or other authorization documents shall be made available at the office of the Company and any other place as specified in the meeting notice together with the power of attorney for voting proxy.

Where the principal is a legal person, its legal representative or other persons as authorized by its board of directors or other decision-making organ to act as its proxy may attend the general meeting of shareholders. For the purpose of this rules, the proxy attending such meeting or any acts performed by the proxy shall be deemed to be the principal attending such meeting in person or (depending on the circumstances) the principal performing such acts.

If the said Shareholder is a recognized clearing house, such Shareholder may authorize one (1) or more persons as it thinks fit to act as his/her representative at any Shareholders' General Meeting or at any class meeting; however, if more than one (1) person are authorized, the letter of attorney shall specify the number and class of shares involving each person so authorised. Such persons so authorised shall be entitled to exercise the rights which the recognised clearing house (or its nominee) have on behalf of the recognised clearing house (or its nominee) as if they were individual shareholders of the Company.

Article 43

Any letter of attorney issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to cast vote for or against or abstain from voting on each resolution dealing with the matters to be resolved at the meeting. Such letter of attorney shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

Article 44

Where the appointer has deceased, been incapacitated to act or withdrawn the appointment or the letter of proxy, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of proxy shall remain valid, provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 45

A registration book for attendees of the general meeting shall be prepared by the Company. The registration book shall set forth the names of attendees (or the attendee corporations), their identity card numbers, residential address, number of shares carrying voting rights held or represented, and names of the appointers (or the appointing corporation), etc.

Article 46

The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the number of their shares carrying voting rights. The registration for a meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the on-site meeting and the total number of their shares carrying voting rights.

Article 47

If the Company convenes a general meeting, all Directors, Supervisors, and the secretary to the Board of the Company shall attend the meeting. The President and other senior management members shall be present at the meeting.

Article 48

General meeting of shareholders shall be convened by the board of directors and presided over by the Chairman of the Board. Should the Chairman of the Board be unable to or fail to perform his/her duties, the Vice Chairman of the Board shall preside over the meeting. Should both the Chairman and Vice Chairman of the Board be unable to or fail to perform such duties, a Director elected by a half or more of the Directors shall preside over the meeting.

A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. Should the chairman of the Supervisory Committee be unable to or fail to perform his/her duties, a Supervisor elected by a half or more of the Supervisors shall preside over the meeting.

Where a general meeting is convened by shareholders, the general meeting shall be chaired by a representative elected by the convener of the meeting.

At a general meeting, where the chairman of the meeting breaches the Rules of Procedure for General Meetings, which makes the general meeting unable to carry on, one (1) person may be elected as the chairman of the meeting by the attending shareholders with one half or more of voting rights to resume the general meeting.

If the shareholders cannot elect a chairman of the meeting due to some cause, the shareholder (including the proxy) holding the most voting shares shall preside over the meeting.

Article 49

At an annual general meeting, the Board and the Supervisory Committee shall report their work in the preceding year to the meeting. Each independent Director shall also state their work performance report.

Article 50

Directors, supervisors and senior management shall give explanations and elaborations regarding the enquiries and suggestions of the shareholders at a general meeting. However, they may refuse to answer any question with explanation if:

- (1) The question is irrelevant to the subject being discussed;
- (2) The matter relating to the question is subject to an investigation;
- (3) The question involves the trade secret of the Company which cannot be disclosed at the general meeting;
- (4) Answering the question will obviously prejudice the interests of shareholders as a whole.

Article 51

The Board of the Company shall provide explanations on audit report about financial report of the Company to the general meeting, if there are non-standard opinions of the certified public accountants in the audit report.

Article 52

After the chairman of the meeting completes the report and starts to or entrust other persons to read out the proposal, the following requirements shall be complied to explain the proposal where necessary:

If the proposer is the Board, the explanation for the proposal shall be made by the chairman of the Board or other persons entrusted by the chairman; if the proposer is any other than the Board, the explanation for the proposal shall be made by the proposer, or its legal representative or a legal and effective proxy.

Article 53

The shareholder may request to make a speech at the general meeting and such speech may be written and oral forms. The shareholder who request to make a speech at the general meeting shall obtain the permission by the chairman of the meeting, and the speeches shall be made in the time order of the request made (if requests are made at the same time, the speeches shall be made in the order number of shares held by the shareholders or represented by proxies).

Article 54

The Chairman of the meeting shall specify the speaking duration and times for each speaker based on the circumstances. Speech of shareholders shall not be interrupted within the time limit, unless in special circumstances such as when it relates to information involving commercial secrets. Nor shall the shareholders interrupt the report of the Board or the supervisory committee by requiring for a speech.

The chairman of the meeting may refuse or stop such shareholders who breach aforesaid provisions.

Article 55

The chairman of the meeting has the right to announce the adjournment of meeting in accordance with the progress and the time arrangement of the meeting.

Article 56

The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting as well as the total number of their shares carrying voting rights, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their shares carrying voting rights as indicated in the meeting's registration book.

Article 57

The Board shall carefully consider and sort out the matters to be discussed at the general meeting. The general meeting shall provide a reasonable time for discussion of each proposal. The chairman of the meeting shall orally consult the shareholders attending the meeting whether the discussion is over. If there is no objection, the discussion shall be deemed to be over.

Chapter 6 Resolution and Voting of General Meeting**Article 58**

Resolutions of shareholders' general meetings are classified into ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed with the approval of one half or more of the voting rights held or represented by all the shareholders (including proxies) attending the meeting.

A special resolution of a general meeting shall be passed with the approval of two thirds or more of the voting rights held or represented by all the shareholders (including proxies) attending the meeting.

Article 59

The following matters shall be adopted by way of ordinary resolutions at general meetings:

- (1) Work reports of the Board and the Supervisory Committee;
- (2) Election and replacement of Directors and determination of their remuneration;
- (3) Election and replacement of Supervisors who are not employee representatives and determination of their remuneration;
- (4) The operating policies and investment plans of the Company;
- (5) The Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (6) The profit distribution plans and loss recovery plans of the Company prepared by the Board;
- (7) Appointment and removal of accounting firms and determination or the determination method of their remuneration;
- (8) Matters other than those required by the laws, regulations, or by the Articles of Association to be adopted by special resolutions.

Article 60

The following matters shall be adopted by way of special resolutions at general meetings:

- (1) Increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) Issue of corporate bonds, shares or other securities;
- (3) The division, merger, dissolution and liquidation or change of corporate form of the Company;
- (4) Amendments to the Articles of Association;

- (5) The purchases and disposals of the Company's material assets or amount of guarantee within one year, which reach or exceed 30% of the Company's latest audited total assets;
- (6) The share option schemes;
- (7) Adjustments or modifications to the profit distribution policy;
- (8) Any other matters required by the laws, regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and matters considered in an ordinary resolution adopted at a general meeting having a material impact on the Company, and thus in need of approval by a special resolution.

Article 61

Unless under special circumstances, such as the Company is in crisis etc., without being approved by the general meeting through special resolution, the Company shall not enter into a contract which grants the management of all or important business to a person other than Directors, Supervisors and senior management members.

Article 62

The items not listed in the meeting notice shall not be voted in the general meeting.

Shareholders (including proxies) shall exercise their voting rights at a general meeting according to the number of shares carrying voting rights they represent, with one (1) vote for each share.

Shares of the Company held by the Company itself do not carry any voting rights, and shall not be counted in the total number of shares carrying voting rights represented by shareholders attending a general meeting.

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

Article 63

If the matter to be examined at the shareholders' general meeting has relations with the shareholder, such connected shareholder shall not vote on such matter and shall abstain from the voting on such matter, and the voting shares held by it shall not be counted in total voting shares present at the shareholders' general meeting. The resolution announcement of the shareholders' general meeting shall disclose the votes cast by non-connected shareholders.

The evasion of connected shareholders and the voting procedures are as follows:

- (1) According to the relevant laws, regulations and rules, the Board shall judge whether the relative matter to be proposed at the general meeting for discussion constitutes a connected transaction. When making such a judgment, the number of shares of a shareholder shall be subject to the register of shareholders provided by the securities registration and settlement institution;
- (2) If the Board considers that the relative matter to be proposed at the general meeting for discussion constitutes a connected transaction, the Board shall notify the connected shareholders in writing, and seek a written reply on whether the shareholder will apply for exemption for evasion;
- (3) The Board shall finish the work specified above before sending the notice of the general meeting, and inform all shareholders in the notice of the result of such work;
- (4) When voting on the relative connected transaction, unconnected shareholders attending the meeting shall vote according to the Articles of Association after the shares with voting right represented by the connected shareholders are deducted;
- (5) If the connected shareholders cannot evade voting due to some cause, the voting can still be conducted in accordance with the normal procedures after the Company has obtained an approval from the competent authority, and detailed explanations shall be given in the resolution of general meeting.

Article 64

The Board, independent Directors and shareholders who meet the requirements are entitled to collect shareholders' voting rights. The collection of voting rights shall be conducted on a nil-consideration basis with full disclosure of information to the shareholders whose voting rights are being collected.

Article 65

When voting on the appointment of Directors and Supervisors who are not employee representatives, cumulative voting can be applied in accordance with the Articles of Association or resolutions of the general meeting.

The cumulative voting referred to in the preceding paragraph is as follows:

- (1) In a cumulative voting, each share of a shareholder shall have votes as same as the number of Directors/Supervisors to be appointed;
- (2) The shareholders shall be notified of the cumulative voting on the appointment of Director/Supervisor in the notice of the general meeting. The convener shall prepare voting tickets suitable for cumulative voting and provide written illustrations and explanations about the cumulative voting mode, ticket filling, and votes counting;

- (3) Where voting on the selection of Director/Supervisor candidates is conducted at a general meeting, shareholders may spread to each candidate their votes equivalent to the number of shares held by them, or cast all their votes represented by each share carrying votes equivalent to the number of Director/Supervisor candidates to one Director/Supervisor candidate or spread them on several candidates respectively;
- (4) Shareholders who cast all their votes represented by each share carrying the votes equivalent to the number of the Director/Supervisor candidates on one Director/Supervisor candidate or spread all their votes on several Director/Supervisor candidates, shall not have voting rights on other Director/Supervisor candidates;
- (5) Where the total number of voting rights the shareholder exercised for a Director/Supervisor candidate or several candidates collectively is greater than the voting rights represented by all shares held by a shareholder, such shareholder's voting shall be deemed as invalid, and the shareholder shall be regarded as abstaining from voting. Where the total number of voting rights the shareholder exercised for a Director/Supervisor candidate or several candidates collectively is less than the voting rights represented by all shares held by a shareholder, such shareholder's voting shall be valid, and such shareholder shall be deemed to abstain from voting as for the voting rights not exercised.;
- (6) Where votes in favour of a Director/Supervisor candidate exceeds a half of the number of shares carrying voting rights held by shareholders attending the general meeting, such Director/Supervisor shall be an elected Director/Supervisor candidate. If the number of elected Director/Supervisor candidates is greater than the number of Directors/Supervisors to be appointed, those who win more votes in favour of them shall be appointed as Directors/Supervisors (in case of an equality in the votes among those elected candidates who win the least votes and the appointment of them will be beyond the number of the Directors/Supervisors to be appointed, such elected candidates shall be deemed to be not elected). Where the number of elected Director/Supervisor candidates is less than the number of Directors/Supervisors to be appointed, a new round of voting on the selection of Directors/Supervisors shall be conducted among the rest Director/Supervisor candidates till all Directors/Supervisors are elected and appointed;
- (7) Where a new round of voting on the selection of Directors/Supervisors is conducted at the general meeting in accordance with Clause (6), the number of cumulative votes of shareholder shall be recounted according to the number of Directors/Supervisors to be appointed in such new round.

Article 66

Except for the accumulative voting system, the shareholders' general meeting shall vote on all the proposals one by one. Where different proposals have been submitted with regard to the same matter, voting on such proposals shall be taken in the order of the time at which they are submitted. The shareholders' general meeting shall not set aside any proposals or refuse to vote on them unless the voting becomes impossible or the meeting is suspended due to forces majeure or other special conditions.

Article 67

The shareholders' general meeting shall not modify any proposal when it is put for consideration, or otherwise relevant changes or modifications shall be deemed to be new proposals and must not be resolved at the current meeting.

Article 68

Voting at a general meeting shall be in the form of show hands unless otherwise required by the Listing Rules of the place where the Company's shares are listed, or a poll is (before or after any vote by show of hands) demanded by the following persons:

- (1) The chairman of the meeting;
- (2) At least two shareholders or proxies entitled to vote;
- (3) One or more shareholders (including proxies) individually or jointly representing 10% or more of all shares carrying right to vote at the meeting.

Unless otherwise provided in the Listing Rules of the listing place or a poll is demanded, the chairman of the meeting shall declare whether a resolution has been passed based on a show of hands and record the result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favour of or against such resolution.

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

The voting at the general meeting shall be taken by way of registered poll.

Article 69

Shareholders who attend the general meeting shall take one of the following stances when a proposal is put forward for voting: to vote for, vote against or abstain from voting, except that securities registration and settlement institutions, being the nominal holders of shares subject to the Shanghai-Hong Kong stock connect, may express opinions according to the intentions of actual holders.

Any votes which are uncompleted, erroneously completed or illegible, or uncast votes shall be considered as an abstention of voting rights by the voter and the outcome of votes carried with the shares held by such voter shall be counted as "abstain from voting".

Article 70

A poll demanded on such matters as the election of chairman of the meeting or the suspension of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting may decide, and the meeting may proceed to discuss other matters, while the outcome of the poll shall still be deemed to be a resolution of that meeting.

Article 71

A voting right shall be exercised once through either on-site voting, online voting or voting by other means. If the same voting right be exercised twice, the result of the first vote shall prevail.

Article 72

Before the relevant proposal is voted on at a general meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. Any shareholder who is interested in the matter under consideration and his/her proxy shall not take part in counting the votes or scrutinizing the poll.

When the relevant proposal is being voted on at the general meeting, lawyers, the representatives of shareholders and representatives of Supervisors shall be jointly responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.

Shareholders of the Company or their proxies, who have cast their votes by online voting or by other means, have the right to check their voting results through the respective voting system.

Article 73

The chairman of the meeting shall be responsible for determining whether or not a resolution at the general meeting shall be adopted. His/her decision shall be final and conclusive and shall be announced at the meeting and recorded in the meeting minutes.

Article 74

The on-site general meeting shall not end earlier than the online meeting or meeting delivered through other means. The chairman of the meeting shall announce the voting status and voting result for each proposal and announce whether a resolution is passed according to the voting result.

Before the voting result is officially announced, the Company, counter, scrutineer, substantial shareholders, network services provider and other related parties involved in the on-site general meeting, online meeting or meeting delivered through other means shall keep in confidential the voting result.

Article 75

Where the chairman of the meeting has any doubt as to the voting result of a resolution proposed for voting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder or proxy attending the meeting who objects to the result announced by the chairman of the meeting may demand immediately after the declaration to have the votes counted, the Chairman of the Board of the meeting shall have the votes counted immediately.

Article 76

Where the votes are counted at a general meeting, the counting results shall be recorded in the meeting minutes. The meeting minutes together with the signature book for shareholders' attendance and the letters of proxy for proxies attending the meeting shall be kept at the domicile of the Company.

Article 77

The announcement of the resolutions passed at the general meeting shall be timely published and specify the number of the shareholders and proxies attending the meeting, the number of shares carrying voting rights held by them and the percentage of such shares to the total number of shares of the Company, the means of voting, the voting result of each resolution and the details of the resolutions passed.

Article 78

Where the proposed resolution is not passed, or the general meeting alters the resolution(s) passed at the previous general meeting, a special note shall be made in the announcement of the resolutions of the general meeting.

Article 79

Minutes of general meetings shall be recorded by the Secretary to the Board and include the following:

- (1) Time, venue, agenda of the meeting and the name of the convener;
- (2) Names of the chairman of the meeting and Directors, Supervisors, Presidents and other senior management members attending or present at the meeting;

- (3) Number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of such shares carrying voting rights held by them on the total number of shares of the Company;
- (4) Process of consideration for each proposal, the highlights of the speech and the voting results;
- (5) Shareholders' enquiries or recommendations and the correspondent statements or explanations;
- (6) Voting results of each of the resolutions;
- (7) Names of the lawyer, vote counter and the scrutineer;
- (8) Other contents that shall be recorded into the minutes according to the Articles of Association.

The convener of the meeting shall ensure the trueness, accuracy and completeness of the meeting minutes. Directors, Supervisors, the Secretary to the Board, the convener of the meeting or his representative and the chairman of the meeting shall sign on the meeting minutes. The meeting minutes should be maintained with the signature book of attending shareholders and letters of proxy of their proxies and valid information on voting via internet and by other means for a period not less than ten (10) years.

Article 80

The convener shall ensure that the general meeting be conducted continuously till resolutions have been made. In the event of special reasons such as force majeure resulting in suspension of the meeting or failure of making resolutions, necessary measures shall be taken to resume the general meeting as soon as practicable or alternatively, the meeting may be terminated directly in such circumstances with an announcement timely made. At the same time, the convener shall deliver a report to the branch office of the securities regulatory authority under the State Council where the Company resides and the stock exchange.

Article 81

Shareholders demanding to inspect or get a copy of the minutes of general meeting shall provide written documents evidencing the class of shares they hold and the number of such shares. The Company shall provide the minutes as requested by the shareholders upon verifying the identification of such shareholders.

Chapter 7 Special Procedures for Voting by Class Shareholders

Article 82

Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association.

Article 83

Upon approval from the securities regulatory authority under the State Council, holders of domestic shares can transfer their shares to overseas investors, and have them listed and traded overseas. The transferred shares, if listed and traded overseas, shall also be subject to the regulatory procedures, regulations and requirements prevailing in the overseas securities market. The listing and trading of such transferred shares on overseas stock exchanges do not require voting at a class meeting.

Article 84

Any variation or abrogation of the rights of any class shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and approval by the affected class shareholders at a separate meeting convened in accordance with Articles 86 to 90.

If the rights of class shareholders are changed or abrogated due to the change of the domestic and foreign laws, administrative regulations and Listing Rules of the listing place, or decisions lawfully made by the domestic and foreign regulatory authorities, such change or abrogation needs not be approved at a general meeting or class shareholder meeting.

Article 85

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

- (1) To increase or decrease the number of shares of such class, or increase or decrease the number of shares of another class carrying rights to voting, distribution or other privileges equal or superior to those of shares of such class;
- (2) To convert all or part of shares of such class into shares of other classes, or to convert or grant a right of conversion of all or part of shares of other classes into shares of such class;
- (3) To remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) To reduce or remove the rights to a dividend preference or a liquidation preference in distribution of property attached to shares of such class;
- (5) To add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquisition of securities of the Company attached to shares of such class;

- (6) To remove or reduce the rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) To create a new class of shares carrying rights to voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) To restrict the transfer or ownership of the shares of such class or increase such restrictions;
- (9) To grant subscription rights or share conversion rights for shares of such class or other classes;
- (10) To increase the rights and privileges of shares of other classes;
- (11) To restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring;
- (12) To amend or abrogate the provisions provided in Section 7 under the Chapter V of the Articles of Association.

Article 86

Shareholders of the affected class, whether or not having the right to vote at the general meetings, shall nevertheless have the right to vote at class meetings on matters referred to in clauses (2) to (8) and (11) to (12) of Article 85, but the interested shareholders shall not be entitled to vote at class meetings.

The interested shareholders referred to in the preceding paragraph have the following meanings:

In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with the Articles of Association, “shareholder with conflict of interests” shall refer to the controlling shareholder as defined in the Articles of Association;

In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of the Articles of Association, “interested shareholder” shall refer to the shareholder to which the proposed agreement relates;

In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

Article 87

A resolution of a class meeting shall only be passed by shareholders present at the meeting who represent not less than two-thirds of voting rights.

Article 88

Notices of a class meeting convened by the Company shall be given in writing to shareholders of such class whose names appear on the register of members of the Company in accordance with Article 27 of these Rules, specifying the matters to be considered at the meeting and the date and venue of the meeting.

Article 89

Notices of class meetings need only be served on shareholders entitled to vote at the meetings.

Unless otherwise required by the Rules, procedures for holding a class meeting shall be similar to those for holding a general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a general meeting shall apply to a class meeting.

Article 90

Except for shareholders of other classes, the holders of domestic shares and holders of foreign invested shares listed overseas are deemed to be different class shareholders.

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

- (1) Where the Company issues, upon approval by a special resolution at a general meeting, Domestic shares and overseas listed foreign invested shares once every twelve (12) months, either separately or concurrently, and the respective numbers of Domestic shares and overseas listed foreign invested shares proposed to be issued do not exceed 20% of the respective numbers of the issued Domestic shares and overseas listed foreign invested shares; or
- (2) Where the Company's plan to issue Domestic shares and overseas listed foreign invested shares at the time of incorporation is carried out within fifteen (15) months from the date of approval by the securities regulatory authority under the State Council;

Where the Company's shares held by the promoters are converted into foreign invested shares and are listed and traded on the overseas stock exchanges under the approval from the State Council or the approval authorities authorised by the State Council.

Chapter 8 Implementation of Resolutions of General Meetings

Article 91

Where resolutions concerning the appointment of Directors and Supervisors who are not employee representatives are passed at the general meeting, the newly-appointed Directors and Supervisors shall commence their office immediately after the general meeting unless otherwise provided in the resolutions of the general meeting.

Article 92

Where resolutions concerning cash dividends, bonus shares or conversion of reserve to increase share capital, the Company shall implement the specified programs within 2 months after the meeting.

Article 93

The contents of a resolution of general meeting in violation of the laws and regulations shall be invalid.

Where the convening procedures and the voting mode of a general meeting violate the laws, regulations or the Articles of Association, or any contents of resolutions violate the Articles of Association, shareholders may petition the People's Court to rescind such resolutions within 60 days from the date such resolutions are made.

Chapter 9 Supplementary Provisions

Article 94

These Rules shall come into effect by a ordinary resolution passed at the shareholders' general meeting. The provisions in these Rules which are applicable to the listed companies within the PRC shall be implemented after the shares of such companies are listed on the domestic stock exchange in the PRC. After came into effect, the original rules and procedures for shareholders' general meeting shall be replaced by these Rules.

Article 95

If there are any issues not covered in the Rules or any conflict occurs between the Rules and the laws, regulations, the Listing Rules of the listing place or the Articles of Association promulgated or amended after the Rules coming into force, such laws, regulations, the Listing Rules of the listing place and the Articles of Association shall prevail.

Article 96

Unless otherwise specified, the terms used in the Rules shall have the same meanings with those in the Articles of Association.

Article 97

To amend the Rules, the Board shall propose amendments and submit them to the general meeting for consideration and approval.

Article 98

The Board shall be responsible for the interpretation of the Rules.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Chapter 1 General Provisions

Article 1

In order to further define the responsibilities and powers of the board of directors (hereinafter referred to as “the Board”) of Guangzhou R&F Properties Co., Ltd. (hereinafter referred to as the “Company”) and of the directors, improve and regulate the working and decision-making procedures of the Board, ensure that the Company’s decision-making process is democratic, scientific and adapts to the needs for establishing a modern corporate system, these Rules and Procedures of the Board are hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Code of Corporate Governance for Listed Companies and the Articles of Association of Guangzhou R&F Properties Co., Ltd. (hereinafter referred to as the “Articles of Association”), as well as other relevant laws, administrative regulations and rules.

Article 2

The Board is the standing body for operational and management decision-making of the Company, responsible to the shareholders’ meeting. Board meeting is the main mode for handling business of the Board. Attendance of Board meetings by directors according to relevant provisions is the basic manner for directors to perform their functions and responsibilities.

Chapter 2 Composition and Powers of the Board

Article 3

The Company shall have the Board responsible to the shareholders’ meeting. The Board shall be comprised of nine directors including one chairman and eight directors of which three directors are independent directors.

Article 4

The working rules for independent directors shall be formulated separately by the Board.

Article 5

The Board may set up Remuneration and Assessment Committee, Nomination Committee, Audit Committee and Strategic Committee as appropriate pursuant to relevant laws and administrative regulations. These special committees shall stipulate their respective working rules governing their organization, powers, functions and rules of proceedings. The working rules shall be submitted to the Board for review and approval.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

Article 6

The Board shall have an office. The Board office shall be responsible for preparations of the shareholders' meeting, the meetings of the Board and the meetings of the special committees of the Board, the Company's information disclosure and other daily affairs of the Board and the special committees.

Article 7

Powers of the Board:

- (1) To convene the shareholders' meeting and to report to it;
- (2) To implement the resolutions of the shareholders' meeting;
- (3) To decide on business and investment plans of the Company;
- (4) To formulate annual financial budget and final accounts of the Company;
- (5) To formulate profit distribution plans and plans for making up losses of the Company;
- (6) To formulate plans for the increase or reduction of registered capital and plans for corporate bonds issue of the Company;
- (7) To formulate plans for the merger, division, dissolution and alteration of the form of the Company;
- (8) To decide on the Company's internal management structure;
- (9) To appoint or dismiss the president of the Company and secretary of the Board, the company according to recommendation of the president, appoint or dismiss other senior managers (except secretary of the Board) and to decide on their remuneration;
- (10) To formulate the basic management system of the Company;
- (11) To amend the Articles of Association;
- (12) Within the scope of the power conferred by the shareholders' meeting, decide on external investment, asset acquisition and disposal, assets pledge, external guarantee, entrusted financing and connected transactions of the Company;
- (13) To formulate the share incentive scheme;
- (14) To formulate the rules of the Company's information disclosure and its management;
- (15) To recommend the appointment and dismissal of the external auditors to the shareholders' meeting;

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

- (16) To receive the work report of the president of the Company and oversee president's works;
- (17) Any other functions and powers as stipulated in the laws, administrative regulations, rules, or Articles of Association or granted by the shareholders' meeting.

Article 8

The Board shall determine the limit of authority for making external investment, asset acquisition and disposal, assets pledge, external guarantee, entrusted financing and connected transactions, and establish strict review and decision-making procedures. For significant investment projects, the Board shall engage relevant experts and professionals to perform review and audit on the investment, and submit the shareholders' meeting approval requiring matters to the shareholders' meeting.

Article 9

In respect of disposal of fixed assets by the Board, if the amount of the fixed assets to be disposed of exceeds 30% of the value of fixed assets as shown in the latest balance sheet approved in shareholders' meeting, the Board must not dispose such fixed assets without approval by shareholders' meeting.

The disposal of fixed assets referred to in this article shall include the transfer of interest in certain assets but shall not include the guarantee provided against fixed assets.

The validity of fixed asset disposal transactions made by the Company shall not be affected due to violation of paragraph 1 of this article.

Article 10

The Company shall take necessary measures to protect the directors' right to know, and ensure the truth and completeness of the information provided. For matters to be decided by the Board, the Company shall send a written notice to all the directors and provide related information according to these Rules, take proper measures to ensure the directors' rights to attend the Board meetings, and provide the working conditions which are necessary for the directors to perform their duties and responsibilities.

Article 11

Powers of the Chairman:

- (1) To preside over the shareholders' meeting and to convene and preside over Board meetings;
- (2) To monitor and inspect on the implementation of the Board resolutions;
- (3) To sign the Company issue of securities;

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

- (4) To sign significant documents of the Board and other documents subject to signature of the Chairman of the Company;
- (5) To approve the plan of utilize the working fees for the Board of the Company;
- (6) To exercise right of contingent disposition of the Company's affairs in line with laws and for the interests of the Company in the event of force majeure or significant crises and that the Board meeting cannot be convened timely, and to report to the Board afterwards;
- (7) Unless objected by three (3) Directors or more, or two (2) independent Directors or more, to decide to incorporate topics occasionally raised by Directors during the Board meeting into the agenda of this meeting;
- (8) To nominate the list of candidates for the Secretary of the Board;
- (9) To exercise other functions and powers bound to be exercised by the Chairman of the Board in accordance with relevant provisions of the laws, regulations and rules or those authorized by the Board.

Article 12

The vice Chairman of the Board shall provide assistance with the work of the Chairman. The Chairman unable or fail to perform his duties, the Vice Chairman shall perform such duties (If the Company has two or more vice chairmen, the vice Chairman jointly elected by not less than half of the Directors shall perform the duties of the Chairman). The Vice Chairman unable or fail to perform his duties, a Director elected by a half or more of the Directors shall perform such duties.

Article 13

Shall has one secretary of the Board who shall be appointed and dismissed by the Board. The working rules for the secretary of the Board shall be formulated separately by the Board.

Chapter 3 Convening of the Board Meetings

Article 14

The Board meetings include regular meetings and extraordinary meetings. The Board convene meetings shall notify the Supervisors of the Company.

Article 15

Regular meetings of the Board shall be held twice a year and shall be convened by the chairman. The Board shall notify all directors and supervisors in writing at least ten days prior to the meeting date.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

Before issuing the notice for regular meeting of the Board, the Board shall fully consult all directors with a view to compile the preliminary proposed resolutions and submit such to the chairman for determination.

Article 16

Before deciding on a proposed resolutions, the chairman of the board may consult the president, general manager, deputy general manager and other senior managers as necessary.

Article 17

Under one of the following circumstances, the chairman of the Board shall convene and preside over an extraordinary meeting of the Board within ten days:

- (1) When proposed by shareholders representing at least 10% of the voting rights;
- (2) The chairman of the Board considers necessary;
- (3) Proposed by at least one third of the directors;
- (4) Proposed by the supervisory committee;
- (5) Proposed by at least half of the independent directors;
- (6) Proposed by the president of the Company;
- (7) Securities regulatory authorities required;
- (8) Any other circumstances as stipulated according to the laws, administrative regulations, and Articles of Association.

Article 18

Where an extraordinary meeting of the Board is held according to the preceding article, a written proposal signed or sealed by the proposer shall be submitted. Such proposal shall specify:

- (1) Name of the proposer;
- (2) Reason for proposing to convene the meeting or objective facts based on which the proposer proposes convening the meeting;
- (3) Time or time limit, venue and form of the meeting proposed to be held;
- (4) Well-defined and specific proposal;
- (5) Contact information of the proposer and the date of the proposal.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

The proposal shall cover only matters falling within the scope of the functions and powers of the Board set forth in these Rules, and all materials related with such proposal shall be submitted together. The Board shall submit the written proposal and related materials to the chairman upon receipt. The chairman may request the proposer to modify or supplement the proposal if he thinks that the proposal not sufficiently clear or specific or the supporting materials provided not adequate.

Article 19

To convene a regular meeting or extraordinary meeting of the Board, the Board shall deliver a written meeting notice to each director, supervisor, president and the secretary of the Board by hand, fax, e-mail, express mail service or registered mail ten days and two days respectively prior to the meeting date. If a notice is not delivered directly, a phone call shall be made for confirmation and corresponding record shall be kept.

In case an extraordinary meeting of the Board must be held as soon as possible under emergency conditions, a meeting notice may be delivered to the attendees by phone or in any other verbal forms provided that the convener shall give an explanation at the meeting. A director may waive his or her right for receiving a notice for meeting of the Board.

Article 20

Any significant matters that must be resolved by the Board shall be notified to all executive directors and external directors within the time limit as specified in these Rules, sufficient information shall be provided at the same time and specified procedures shall be observed strictly. The Board may require additional information to be provided. When at least a quarter of all the directors or more than two external directors are of the view that the information provided is not sufficient or the submission lacks clarity, they may jointly propose postponing the holding of the meeting of the Board or postponing the discussion of certain matters in the meeting and the Board shall so agrees. If a director is present at a meeting of the Board and fails to, before attending the meeting or at the beginning of the meeting, state that he or she did not receive the meeting notice, he/she shall be deemed to have received the meeting notice.

Article 21

The meeting notice shall contain the following information:

- (1) The time and venue of the meeting;
- (2) The form of the meeting;
- (3) Matters to be considered at the meeting (meeting proposals);
- (4) The convener and host chairman, proposer of the extraordinary meeting and the written proposal;
- (5) Materials required by directors for voting at the meeting;

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

- (6) Requirement for the directors to attend the meeting in person or by proxy;
- (7) Contact person and contact information.

A verbal notice of meeting shall contain at least items (1) and (2) as above and the explanations for an extraordinary meeting of the Board held in case emergency.

Article 22

After the written notice for regular meeting of the Board is sent, if the time and venue of the meeting must be changed or meeting proposals must be added, changed or cancelled, a written notice of change shall be sent three days before the original designated date of the meeting, giving an explanation and provides the contents of new proposals and the related materials. Where the notice of change is sent less than three days in advance, the date of the meeting shall be postponed accordingly or the meeting shall be held at the original date subject to the consent of all directors attending the meeting.

After the written notice for extraordinary meeting of the Board is sent, if the time and venue of the meeting must be changed or meeting proposals must be added, changed or cancelled, a prior consent shall be obtained from all directors attending the meeting and corresponding records shall be kept.

Article 23

In principle, directors shall personally attend the meetings of the Board. If for any reasons director cannot attending the meeting in person, he or she shall read the meeting materials carefully beforehand to form a definite opinions and then authorize other directors to attend the meeting on his behalf as proxy by issuing a letter of proxy. The letter of proxy shall contain the following information:

- (1) The names of the authorizing person and the proxy;
- (2) Opinions of the authorizing person concerning each proposal;
- (3) Authority granted and instructions given by the authorizing person on voting on the proposals;
- (4) Valid period of the letter of proxy;
- (5) Signature of the authorizing person and date.

Where a director authorizes another director to sign on the regular reports as written confirmation of opinion, he shall grant such authority separately in the letter of proxy. The authorized director shall submit the letter of proxy and shall, on the attendee signature book, indicate that he attends the meeting as proxy of the authorizing director.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

The director attending a meeting as proxy shall exercise the rights of a director within authorized scope. If a director neither attends the meeting of the Board in person nor appoint a proxy to vote on his behalf, such director shall be deemed to have waived his right to vote at the meeting.

If a director has failed to attend two consecutive meetings of the Board either in person or by proxy, he shall be deemed unable to perform his duties and the Board shall propose to shareholders' meeting to replace such directors.

Article 24

Authorizing director and proxy attending Board meeting shall observe the following rules:

- (1) When the meeting considers connected transactions, a non-connected director must not authorize a connected director to attend the meeting, and a connected director must not accept such authorization by a non-connected director.
- (2) An independent director must not authorize a non-independent director to attend the meeting, and a non-independent director must not accept such authorization by an independent director.
- (3) A director shall not grant unrestricted power to another director to attend the meeting unless the authorizing director has stated his opinions and voting intention on the proposals, and the director concerned shall not accept such unrestricted power or ambiguous authorization.
- (4) One director must not accept the authorization from more than two directors and a director must not authorize any director having accepted authorization from two other directors to attend the meeting.

Article 25

The meeting of the Board shall be held with at least half of the directors (including the directors authorized to attend the meeting according to the Articles of Association) attending.

Supervisors may attend the meetings of the Board without voting rights. The president and the secretary to the Board not being a director shall attend the meetings of the Board without voting rights. The chairman presiding over the meeting may notify other relevant persons to attend the meetings of the Board without voting rights if he thinks necessary.

Article 26

Where certain directors have significant interests in the matters to be resolved at the meeting of the Board, such meeting shall be held only if attended by more than 50% of the directors that have no significant interests in such matters.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

Article 27

The meeting of the Board may be held on-site, via telephone or video conference, by fax, by e-mail for voting, or by written resolution.

If the meeting of the Board is held by telephone or video conference, it should be ensured that each director attending the meeting can hear other directors clearly and they are able to communicate with each other. Audio or video records shall be taken for the meetings of the Board held in this form. If the directors cannot sign on the minutes of such meeting immediately, they shall vote verbally and sign on written documents as soon as possible. Verbal voting by directors shall have the same binding effect as signatures in writing but subsequent signatures in writing must be consistent with the verbal voting at the meeting. In case such signatures in writing are inconsistent with the verbal voting, the verbal voting shall prevail.

If the meeting of the Board is held by written resolution, the proposed resolutions are delivered separately or in turns to each director and the director shall expressly state on the resolutions whether he personally and also as proxy of other director vote for or against the proposals. If the number of directors signing to vote for a proposal reaches the quorum specified in these Rules, such proposal shall become a resolution of the Board.

Article 28

The meeting of the Board shall be convened and presided by the chairman of the Board, or the vice chairman if the chairman cannot perform his duties or does not perform his duties, or a director jointly elected by at least half of the directors if the vice chairman cannot perform his duties or does not perform his duties.

Article 29

The chairman of the meeting shall ask all directors present at the meeting to give their express and definite opinions about all the proposals.

For the proposals that according to relevant regulations must be confirmed by independent directors prior to the meeting, the chairman of the meeting shall, before the directors discuss such proposals, appoint one independent director to read the written confirmation of the independent directors.

If any directors prevent the normal progress of the meeting or disrupt the speech of other directors, the chairman of the meeting shall promptly stop the act of such directors.

Unless approved by all the directors attending the meeting, the meeting of the Board shall not vote on the proposals not included in the notice of meeting. A proxy director shall not vote on the proposals not included in the notice of meeting.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

Article 30

The directors shall read the relevant meeting material carefully and give their opinions independently and prudently on the basis of full understanding of the circumstances.

The directors may, before the meeting, seek information necessary for the decision making from relevant persons from the Board convener, president, the special committees, public accounting firms and law firms, and also, during the meeting, make recommendations to the chairman of the meeting to invite the aforesaid persons and representative of the aforementioned institutions to explain relevant situations at the meeting.

Article 31

Voting at the meetings of the Board may be conducted by a show of hands or by poll. Each director shall have one vote.

Voting intentions by a director are classified into affirmative vote, dissenting votes and abstaining vote. The directors present at the meeting shall select one of the aforesaid intentions. If a director fails to select one of the aforesaid intentions or selects two or more of the aforesaid intentions, the chairman of the meeting shall request such director to select again the voting intention. If such director refuses, he shall be deemed to waive his voting right. If a director leaves the meeting midway without returning and fails to select the voting intention, he shall be deemed to waive his voting right.

If the dissenting votes are equal to the affirmative votes, the chairman of the Board shall have a casting vote.

Article 32

After the directors present at the meeting have voted on the proposals, the securities affairs representative and relevant staff shall collect the votes cast by the directors, and deliver to the secretary to the Board for counting the votes under the supervision of a supervisor or an independent director.

When the meeting is held on-site, after voting by the attending directors, the chairman of the meeting shall announce the voting result on the spot; in other circumstances, the chairman of the meeting shall request the secretary to the board to notify the directors of the voting results before the end of the next working day following the specified time for voting.

When a director vote after the chairman of the meeting announces the voting result or after expiry of specified time limit, such vote shall not be counted.

Article 33

Unless otherwise required by these Rules or the Articles of Association, a resolution of the Board shall be passed by approval by more than half of all the directors or by more directors if such requirement is stipulated by relevant laws, administrative regulations and the Articles of Association.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

Article 34

If a director has relations with the enterprises involved in matters to be resolved at the meeting of the Board, such director shall not vote on such resolution either in person or on behalf of other directors. Such a meeting of the Board may be held with more than half of the non-connected directors attending, and the resolutions of the meeting shall be adopted with approval by more than half of the non-connected directors. Where non-connected directors attending the meeting is less than three, such matters shall be submitted to the shareholders' meeting for consideration, and the Board shall give the details of the proposal considered at the Board meeting when it is submitted to the shareholders' meeting, and shall write down the opinions given by the directors without significant interests in such matters.

Article 35

The Board shall act strictly within the powers granted by the shareholders' meeting and the Articles of Association, and must not reach any resolution exceeding its power and authority.

Article 36

Where a proposal is not approved by the meeting of the Board, it shall not consider a proposal containing the same contents within one month if relevant conditions and factors have not change significantly.

Article 37

If more than half of the directors present at the meeting or more than two independent directors think that a proposal is not clear, specific, or it is impossible to make a judgment on relevant matters due to lack of background material or any other conditions, the chairman presiding the meeting shall request the meeting to postpone voting on the subject.

The director proposing to postpone voting shall give definite requirements for the conditions that shall be satisfied for such proposal to be submitted again for consideration.

Article 38

The secretary to the Board shall designate relevant staff to take minutes for the meeting of the Board. The meeting minutes shall contain the following information:

- (1) Session number, time, venue and form of the meeting;
- (2) Issuing of the meeting notice;
- (3) Convener and chairman of the meeting;
- (4) Directors attending the meeting in person and by proxy;
- (5) Proposals considered at the meeting, main points of speeches and main opinions given by each director, and the voting of each director;

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

- (6) Voting method and result for each proposal (indicating the number of affirmative votes, dissenting votes and abstaining votes respectively);
- (7) Other matters that the directors present at the meeting think shall be recorded.

All the directors present at the meeting and the person taking the minutes shall sign on the minutes. The secretary to the Board shall send the meeting minutes to all the directors present at the meeting within five days from the date of the meeting. If a director modifies his opinions given by him at the meeting, he shall notify the Board office within three days from receipt of the meeting minutes, otherwise, he shall be deemed not to modify his opinions. The secretary to the Board shall, within three days, send the final meeting minutes incorporating any modifications made by the directors to the director for signing and confirmation.

Article 39

The directors present at the meeting shall sign on the minutes and resolutions of the meeting personally and on behalf of the directors authorizing them to attend the meeting. If the directors have any objections to the minutes and resolutions of the meeting, they may state such objections when signing on the minutes or resolutions, and if they think necessary, they may report to the regulatory authorities or make public declaration.

Where a director neither signs on the minutes and resolutions of the meeting set forth in the foregoing paragraph, nor states his objections in writing, or reports to the regulatory authorities or make a public declaration, he shall be deemed to completely agree to all the contents of the minutes and resolutions of the meeting.

Article 40

The meeting files of the Board, including the meeting notice, meeting documents, meeting signature book, letter of proxy, audio records, votes, meeting minutes and resolutions signed and confirmed by the directors present at the meeting, and the resolution announcement, shall be kept by the secretary to the Board.

The meeting files of the Board shall be kept for ten years.

Article 41

Directors shall be responsible for the resolutions of the Board. If the resolutions made by the Board violate any laws, administrative regulations or the Articles of Association, causing serious losses to the Company, all the directors participating in making such resolutions shall be liable to provide compensation for the losses. However, if there is evidence showing that a director has expressed his objection to such resolutions and such objection is recorded in the meeting minutes, such director may be exempted from liability.

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

Article 42

The resolutions of the Board of the Company shall be deemed null and void if they violate any laws or administrative regulations.

A shareholder may, within 60 days from the date of the resolutions of the Board, make petition to the People's Court for canceling such resolutions if the meeting convening procedure or voting method of the Board are in violation of any laws, administrative regulations or the Articles of Association or that contents of such resolutions are in violation of the Articles of Association.

If the shareholder lodges a lawsuit as set forth in the foregoing paragraph, the Company may petition to the People's Court for ordering that the shareholder provide corresponding guarantee.

Where the Company has registered alteration with company registration authorities according to the resolutions of the Board, the Company shall apply to such authorities for deregistering such alterations after the People's Court ruling that such resolutions are invalid or cancels such resolutions.

Chapter 4 Information Disclosure of Board Meeting

Article 43

The announcement of the resolutions of the Board shall be handled by the secretary to the Board according to relevant regulations of the stock exchange where the Company's share is listed. Before the resolutions are disclosed, all the directors present at the meeting, all the persons attending the meeting without voting rights, the person taking minutes of the meeting, and service staff shall keep confidential with respect to the contents of the resolutions.

Article 44

The announcement of the resolutions of the Board shall include the following information:

- (1) Time and manner of sending the meeting notice;
- (2) Time, venue and form of the meeting, and a statement as to whether the meeting complies with relevant laws, administrative regulations, rules and the Articles of Association;
- (3) Number and names of the directors attending the meeting by proxy, number and names of the directors absent from the meeting, reasons of being absent from the meeting, and the names of the proxy directors;
- (4) Number of the affirmative votes, dissenting votes and abstaining votes for each proposal, and the reasons for the directors to cast dissenting votes or abstaining votes;

APPENDIX 7 RULES OF PROCEDURES FOR BOARD MEETING (DRAFT)

- (5) For the proposal related to connected transactions, state the name(s) of the director who withdraw from the voting process, the reason and withdrawal details;
- (6) For proposals which required independent directors to concur or independently issue their opinions before it is put to vote, state such concurrence or opinions;
- (7) Detailed contents of the matters considered and resolution passed in the meeting.

Chapter 5 Execution and Feedback of Resolutions of the Board

Article 45

The chairman of the board shall procure relevant persons to implement the resolutions of the Board, monitor the implementation of the resolutions and at the next meeting of the Board, report the execution of the resolution already passed.

Chapter 6 Supplementary Provisions

Article 46

Unless expressly stated otherwise, the terms used in these Rules shall have the same meanings as they have in the Articles of Association.

Article 47

These Rules shall come into effect by an ordinary resolution passed at the shareholders' meeting. The provisions in these Rules which are applicable to the listed companies within the PRC shall be implemented after the shares of such companies are listed on the domestic stock exchange in the PRC. After came into effect, the original rules and procedures for board meeting shall be replaced by these Rules.

Article 48

In the event that any matters are not covered in these Rules, or any provisions in these Rules conflict with the laws, administrative regulations or the Articles of Association promulgated or amended after these Rules take effects, such laws, administrative regulations or the Articles of Association shall prevail.

Article 49

Unless stipulated otherwise in these Rules and no different meanings arise in the context, the words "above", "at least" and "prior to" with a number attached mentioned in these Rules shall have a meaning that include the number itself; the words "over", "less than", "insufficient", "beyond" and "lower than" with a number attached shall have a meaning not including the number itself.

Article 50

These Rules shall be construed by the Board of Directors.

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

In order to further optimize the corporate governance structure and enhance regulated operations of the Company, the Company has formulated these rules in accordance with the Company Law, the Guidance on Establishment of the System of Independent Directors by Listed Companies (hereinafter referred to as the “Guidance Opinions”) of the CSRC, the Code of Corporate Governance for Listed Companies in China and the Articles of Association of Guangzhou R&F Properties Co., Ltd.” (hereinafter referred to as the “Articles of Association”).

Chapter 1 Independent Directors

Article 1

Independent Directors of the Company are Directors who hold no positions other than as independent Directors of the Company and have no relationship with the Company and its substantial shareholders that may affect their independent and objective judgment.

Article 2

Independent Directors owe fiduciary and diligence duties to the Company and all shareholders. Independent Directors shall faithfully carry out their duties, safeguard the Company’s overall interest, in particular ensuring that the legal interests of significant and minority shareholders are protected in accordance with relevant laws and regulations, the Guidance Opinions and the Articles of Association.

Independent Directors shall carry out their duties independently without the influence of the Company’s substantial shareholders, de facto controllers or other entities or persons that have interests in the Company.

In addition to attending meetings of the Board of Directors (hereinafter referred to as the “Board”), independent Directors shall ensure at least fifteen working days every year to making onsite investigations for the Company’s production and operation status, the building and execution of systems such as management and internal control systems and the implementation of the Board resolutions.

Article 3

The Company shall have three independent Directors, of whom at least one shall be from the accounting professional (an accounting professional shall mean a person possessing a senior title in an accounting firm or having the qualifications of a certified accountant). The proportion of independent Directors in Board members shall be adjusted or increased according to the Guidance Opinions, as amended by the CSRC from time to time.

Article 4

Independent Directors and candidates proposed for appointment as independent Directors shall comply with the requirements of the CSRC and attend training provided by the CSRC and its authorized institutions.

Chapter 2 Conditions of Employment of Independent Directors

Article 5

Independent Directors shall satisfy the following basic requirements:

- (1) Possessing the qualifications of a company director according to the provisions of laws, administrative regulations and other relevant regulations;
- (2) Being independent as required by the Guidance Opinions;
- (3) Possessing basic knowledge of the operation of a company and being familiar with relevant laws, administrative regulations, rules and regulations;
- (4) With at least five years of work experience in legal or economic field or other experiences required for carrying out the duties of an independent Director;
- (5) An independent Director shall not serve as an independent director of more than five listed companies concurrently;
- (6) Other conditions as specified in the Articles of Association.

Article 6

An independent Director must act with independence. The following persons shall not serve as independent Directors:

- (1) Persons employed by the Company and its subsidiaries and their immediate families and main social relations (immediate families refer to spouses, parents and children; main social relations refer to siblings, parents-in-law, children-in-law, spouses of siblings and the siblings of spouses etc.);
- (2) Persons directly or indirectly holding 1% or more of the Company's issued shares or the top ten natural person shareholders of the Company and their immediate families;
- (3) Persons employed by the shareholders directly or indirectly holding 5% or more of the Company's issued shares or the top five shareholders of the Company and those persons' immediate families;
- (4) Persons that any of the above three situations has occurred to him or her in the past one year;

- (5) Persons providing financial, legal and consultancy services to the Company and its subsidiaries;
- (6) Other persons as specified in the Articles of Association; and
- (7) Other persons as determined by the CSRC.

Chapter 3 Election and Appointment of Independent Directors

Article 7

The Company's Board, Supervisory Committee and shareholders alone or jointly holding 1% or above of the Company's issued shares have the right to nominate candidates for independent Directors, whose appointment shall be subject to the election and decision at a general meeting.

Article 8

The nominators of independent Directors shall obtain the consent of the nominees prior to the nomination. The nominator shall have full knowledge of the occupation, academic qualification, professional title, detailed work experience, all part-time jobs of the nominees, and express their opinions regarding the nominee's qualification and independence. The nominee shall make a public declaration that there is not any relationship between himself or herself and the Company that would affect his or her independence and objective judgment.

Before convening the general meeting for the election of independent Directors, the Board shall declare the above contents in accordance with the regulations.

Article 9

Before convening the general meeting for the election of independent Directors, the Company shall submit all relevant information of the nominee to the CSRC, the representative office of the CSRC at the place where the Company is located and the stock exchange on which the Company's shares are listed in accordance with relevant regulations. In the event that the Board has any objection to the relevant information on the nominees, the Board's written opinion shall be submitted as well. Nominees objected by the CSRC can serve as candidates for the Company's Directors but not for independent Directors.

At the general meeting for the election of independent Directors, the Board shall make an explanation regarding whether a candidate for independent Director has been objected by the CSRC.

Article 10

The terms of office of independent Directors shall be the same as that of other Directors of the Company, and they may stand for re-election upon expiry of their term.

Article 11

Should an independent Director fail to attend the Board meetings in person for two times in succession, the Board may propose to the general meeting for replacing such Director.

Except for the abovementioned conditions or situations in which a person shall not act as a director under the Company Law, the office of an independent Director cannot be terminated without any reason before expiration. In case an independent Director is dismissed before the expiry of his or her term, the Company shall disclose the matter as a special issue. Should an independent Director consider he or she is dismissed without reasonable cause, he or she can make a public declaration.

Article 12

Independent Directors may tender resignation before expiration of their terms of office by submitting to the Board a written resignation report, explaining any situation related to their resignation which they consider as necessary to draw to the attention of the shareholders and creditors of the Company.

If the resignation of an independent Director results in the proportion of independent Directors falling below the minimum requirement as stipulated by the Guidance Opinions and these rules, the resignation report of such independent Director shall only be in effect at the appointment of the new independent Director that fills his or her vacancy.

Article 13

In the event of removal or replacement of an independent Director due to his or her failure in meeting the qualifications for office or upon the resignation of an independent Director, the Board of the Company must propose to convene a general meeting within one month thereafter for election of a replacement.

Chapter 4 Duties and Powers of Independent Directors of the Company

Article 14

In order to fully exercise the functions of independent Directors, in addition to the powers conferred by the Company Law and other relevant laws and regulations, the Company has delegated the following specific authorities to independent Directors:

- (1) Major connected transactions of the Company shall be approved by independent Directors before submissions to the Board for consideration. Prior to making any judgment, independent Directors may hire an intermediary institution to prepare an independent financial consultancy report as the basis of their judgment;

- (2) To propose to the Board the appointment or dismissal of accounting firms;
- (3) To propose to the Board to convene extraordinary general meetings;
- (4) To propose to the Board to convene Board meetings;
- (5) To engage independently external auditors and consulting firms;
- (6) To publicly solicit voting rights from shareholders prior to general meetings.

Among which, with the consent of all independent Directors, the independent Directors may engage external auditors and consulting firms independently to provide audit and consultation on specific matters of the Company. The related costs of which shall be borne by the Company. To exercise the above powers, at least half of all independent Director's approval shall be obtained.

In the event that the abovementioned proposals have not been adopted or the above powers cannot be exercised normally, the Company shall disclose such situations.

Article 15

Apart from exercising the abovementioned duties, independent Directors shall express independent opinions to the Board or general meetings on the following matters:

- (1) External guarantees;
- (2) Major connected transactions;
- (3) Nomination and dismissal of Directors;
- (4) Appointment or dismissal of the senior management;
- (5) Remuneration of the Company's Directors and senior management and share incentive scheme;
- (6) Change of uses of proceeds;
- (7) Formulation of plan for conversion of reserve to increase share capital;
- (8) Formulation of profit distribution policy, profit distribution plan and cash dividend distribution plan;
- (9) Changes in accounting policies and accounting estimates for reasons other than changes in accounting principles, and corrections for significant accounting errors;
- (10) Unqualified audit opinion issued by certified public accountants on the financial accounting reports of the Listed Company;

- (11) Appointment and dismissal of accounting firms;
- (12) Management buyout of the Listed Company;
- (13) Restructuring of major assets of the Listed Company;
- (14) Repurchase of shares through centralized auction trading by the Listed Company;
- (15) Evaluation report on internal control by the Listed Company;
- (16) Solution of change committed by the Listed Company to relevant parties;
- (17) Impact on different shareholders' equity from issuing preference shares by the Listed Company;
- (18) Other matters provided by laws, administrative regulations, departmental rules, normative documents and the Articles of Association or determined by the CSRC;
- (19) Matters which independent Directors consider would harm the interests of the Company's medium and small shareholders;

The types of independent opinions expressed by an independent Director shall include approval, qualified opinion with an explanation of the reasons therefor, opposition with an explanation of the reasons therefor and refraining from expressing an opinion with an explanation of the reasons thereof, which shall be clear and concise.

If the relevant matters are required to be disclosed, the Company shall make an announcement on the opinions of the independent Directors. If discrepancies arise among independent Directors and a consensus cannot be reached, the Board shall disclose the opinions of independent Directors separately.

Article 16

An independent Director shall issue at the annual general meeting the evaluation on compliance of laws and regulations and the Articles of Association in addition to the performance of duties by the Board with its members and the management with its members.

Article 17

An independent Director shall conduct a comprehensive review on the annual financial statements and dividend payout of the Company to ensure the actions of the Company comply with the provisions of laws and regulations and are consistent with the overall interests of the Company and all shareholders.

To exercise the above powers, at least half of all independent Director's approval shall be obtained.

Article 18

In the event that the above recommendations are not adopted or the above powers are not exercisable in a normal manner, details thereof shall be disclosed by the Company.

Article 19

The Company shall keep the independent opinions of the independent Directors and report to the relevant departments in a timely manner. If the matter is required to be disclosed, a public announcement of the opinions of independent Directors shall be made by the Company. If independent Directors fail to reach a unanimous agreement and a consensus cannot be reached, the Board shall disclose the opinions of independent Directors separately.

Article 20

Independent Directors and persons proposed for appointment as independent Directors shall comply with the requirements of the CSRC and the stock exchange on which the Company's shares are listed and attend training provided by the CSRC and the stock exchange or their authorized institutions.

Article 21

Independent Directors shall take the initiative to perform their obligation of due diligence and engage intermediary institution to conduct special investigation when necessary in case of the following events:

- (1) Failure to submit material matter to the Board for examination as per relevant provisions;
- (2) Failure to perform the obligation of information disclosure in a timely manner;
- (3) False record and misleading statement or material omission in public information;
- (4) Other conditions that may constitute possible violation of laws, regulations or undermining the rights and interests of the public shareholders.

Independent Directors shall make public declaration upon occurrence of one of the following cases:

- (1) Being removed by the Company and the removed Director believes the reason for such removal is inappropriate;
- (2) Resignation due to situation in the Company that hinders the discharging of duties of independent Director as per law;

- (3) Written proposal by more than two independent Directors to postpone the convening of a Board meeting or the examination of relevant matters is not adopted;
- (4) The Board fails to adopt effective measures when receiving report that the Company, the Directors, the Supervisors and senior management are suspected to violate any law or regulation;
- (5) Other matters that constitute a material obstruction against the performance of duties by independent Directors.

Article 22

Independent Directors shall submit work report to the annual general meeting and file it to the stock exchange. The work report shall cover the content as below:

- (1) Times for attending the Board meetings and general meetings in the previous year, as well as the voting;
- (2) Declaration of independent opinions; and
- (3) Other work performed within the independent Directors' duties, such as proposing to convene board meetings, proposing to engage or dismiss accounting firms, independently engaging external auditors and consulting firms and making field inspection.

Article 23

The Company should provide the necessary conditions to ensure that the independent Directors can effectively exercise their functions and powers:

- (1) The Company shall ensure that independent Directors have equal rights to access information as other Directors. For matters subject to decisions by the Board, the Company shall advise the independent Directors in advance within the time according to the laws and provide them with adequate information. If the said information is deemed as inadequate, the independent Directors are entitled to request supplemental information. When two or more independent Directors are of the view that the information is insufficient or the basis of argument is not clear, they may jointly propose in writing to the Board to postpone the Board meeting or postpone deliberation of the issue, and the Board should adopt such proposal.

The Company and independent Directors shall keep the information provided by the Company to the independent Directors for a period no less than five years.

- (2) The Company shall provide the independent Directors with necessary working conditions to perform their duties. Secretary to the Board shall proactively assist independent Directors to discharge their duties, such as providing information and supplying documents etc. If any announcement is required to be made in respect of any independent opinions, proposals and written statements of independent Directors, Secretary to the Board shall make timely arrangement with the stock exchange for such announcement.
- (3) In the exercise of duties and powers by the independent Directors, the relevant personnel of the Company shall actively cooperate with them, and shall not reject, hinder the provision of or conceal relevant information, or interfere with their exercise of duties and powers independently.
- (4) The expenses incurred by the independent Directors in the engagement of intermediaries and other expenses in the performance of their duties and powers shall be borne by the Company.

Chapter 5 Supplementary Provisions

Article 24

These rules shall become effective after consideration and approval by the general meeting by way of ordinary resolutions. Their provisions applicable to the listed companies in the PRC shall be implemented after the Company are listed on the stock exchange in the PRC.

Article 25

Matters not covered by these rules shall be executed as provided by relevant national laws and regulations and the Articles of Association. In the event that these rule are inconsistent with applicable national laws and regulations issued from time to time or the Articles of Association as amended under legal procedures, the relevant national laws and regulations and the Articles of Association shall prevail.

Article 26

The amendments of these rules shall be considered and approved by the general meeting.

Article 27

These rules shall be interpreted by the Board.

APPENDIX 9 SPECIAL DEPOSIT ACCOUNT AND MANAGEMENT METHOD FOR USING PROCEEDS OF FINANCING (DRAFT)

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

In order to regulate the fund raising management of Guangzhou R&F Properties Co., Ltd (hereinafter as the “Company”), the efficient use of proceeds and to protect the lawful interests of investors, and to conform with laws, regulations and regulatory document such as the Company Law and the Securities Law as well as the regulations under the Articles of Association of Guangzhou R&F Properties Co., Ltd. (hereinafter as the “Articles of Association”), this system is formed based on the actual circumstances of the Company.

Chapter 1 General Principles

Article 1

Fund raising refers to fund raising by the Company by issuing public securities (including initial public offering, placing, additional issuance, issuance of convertible bonds, etc.) and private issuance of stocks to investors, the proceeds of which is designated for specific use.

Article 2

The board of directors of the Company would be responsible for establishment and refinement of a fund raising management system for listed companies, and to ensure efficient implementation thereof. The fund raising management system should provide explicitly for the deposit, usage, alteration, supervision and accountability of the funds raised in accounts.

The fund raising management system should provide explicitly for the application of use of proceeds, approval authority at different levels, decision making procedures, risk management policies and information disclosure procedures.

The Company should establish detailed planning for use of proceeds from funds raised, as well as organize the actual implementation of such plans, in order to achieve an open, transparent and monitored use of proceeds.

Article 3

The use of proceeds from fund raising activities is strictly limited to the application towards such projects as specified at the time of issuance. Any changes in use of proceeds by the Company must be approved at a general meeting, and conform to any information disclosure obligations and other relevant legal obligations. For the use of proceeds from fund raising by subsidiaries of the Company or other corporations under the Company’s control, the Company should ensure that such subsidiaries or other controlled corporations comply with such fund raising management system.

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Article 4

The Company should make timely disclosure of its use of proceeds positions as required by the laws, regulations and regulatory documents such as the Company Law and the Securities Law, so as to fulfill its disclosure obligations.

Chapter 2 Special Deposit Account for Proceeds of Financing

Article 5

The Company should exercise caution when choosing the commercial bank to set up the special deposit account for proceeds of financing (hereinafter as the “Account”). Proceeds from fund raising should be deposited into the specific account designated by the board of directors (hereinafter as the “Account”) for centralized management. The Account should not be used for deposits of non-fund-raising capitals or for any other purposes. In principle, the number of fund raising proceeds accounts should not exceed the number of investment projects of fund raising proceeds. Listed companies that have two or more financing activities should set up separate proceeds accounts for each activity.

The excess of net actual proceeds from fund raising over the estimated amount of proceeds (hereinafter as “Excess Fund”) should be deposited into the proceeds account for management purpose.

Article 6

The Company should enter into tri-party funds management agreement (hereinafter as the “Agreement”) with the sponsor(s) and the commercial bank of the fund deposits (hereinafter as the “Commercial Bank”). The Agreement should at least include the followings:

- (1) The Company should deposit the proceeds from fund raising into the Account;
- (2) The fund raising proceeds account number, proceeds investment projects of the Account, deposit amount and term of deposit;
- (3) The Commercial Bank would issue monthly bank statements to the Company, the copies of which would be delivered to the sponsor(s);
- (4) Should the Company withdraw over RMB50 million from the fund raising proceeds account in either a single transaction or accumulated over any 12 month period, and such withdrawal amounts to 20% of the total amount of fund raising proceeds, net of issuance costs (hereinafter as the “Net Proceeds”), the listed company should inform the sponsor(s) in time;
- (5) The sponsor(s) can make enquiries of information on the Account to the Commercial Bank at any time;

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- (6) Rights, obligations and default responsibilities of the Company, the Commercial Bank and the sponsor(s).

The Company should file a report to the stock exchange and announce the main context of such agreement within 2 trading days after the execution of all agreements.

Article 7

Should the abovementioned agreement be terminated before expiration due to change of sponsor(s) or Commercial Bank, the Company should enter into a new agreement with the relevant parties within two weeks from the termination date of previous agreement, and file such report to the stock exchange and issue such announcement in a timely manner.

Article 8

The Company should actively procure that the Commercial Bank would perform in accordance to the agreement. Should the Commercial Bank fail to issue statements to the sponsor(s) or notify the Account of large amount withdrawal, or any non-response of enquiry and investigation of information of the Account by the sponsor(s) for three consecutive times, the Company can terminate such agreement and cancel the fund raising proceeds Account. The abovementioned should be included in the said tri-party agreement under the previous articles.

Chapter 3 Use of Fund Raising Proceeds

Article 9

The Company should apply the fund raising proceeds as undertaken in the investment plans as specified in the use of proceeds set out in the application at the time of issuance. Should there be any developments that significantly affect the normal implementation of such investment plans of proceeds, the Company should report to the stock exchange and issue relevant announcement in a timely manner.

Article 10

When applying such proceeds, the Company should comply with the following requirements:

- (1) The Company should set out the explicit requirements in regards to the application, approval authority at different levels, decision making procedures, risk management policies and information disclosure procedures in relation of the use of fund raising proceeds;
- (2) The Company should apply the proceeds as undertaken in the use of proceed plans as set out in the application of issuance;

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- (3) Should there be any development that significantly affects the normal implementation of the use of proceeds plans, the Company should report to the stock exchange and issue an announcement in a timely manner;
- (4) Under the certain situations (such as those below) that affect the application of proceeds in investment projects, the Company should re-examine the feasibility and estimated gain of such proceeds from the investment plans, in order to decide whether or not to continue such projects, and disclose such implementation progress, reasons of deviation and the adjusted proceeds investment projects (if any) in the largest regular report:
 1. Significant changes in the market condition of such investment projects;
 2. The investment projects have been inactive for over 1 year;
 3. The investment plans have expired and the invested amount has not reached 50% of planned investment;
 4. Other abnormality under the investment project.

Article 11

The Company, when using the fund raising proceeds, should not:

- (1) Other than financial institutions, the investment project should not be a financial assets which are held-for-trade and available-for-sale, loans to other parties, and trusted wealth management, and directly or indirectly invest in companies which major business involves trading of marketable securities;
- (2) Alternate the use of proceeds by ways of charge, trusted loans or other methods;
- (3) Make available the fund raising proceeds, whether directly or indirectly, for related parties such as the controlling shareholders, de facto controllers or provide benefits for related parties for inappropriate gains from the proceeds investment projects;
- (4) Other activities that are in violation as specified under the fund raising management regulations.

Article 12

The Company should ensure the true and fair usage of fund raising proceeds, and implement effective measures to prevent misappropriation or misuse by related parties for inappropriate gains.

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Article 13

When investing in fund raising proceeds in projects, capital expenditures must strictly comply with requirements of the Company's capital management system, and should follow such approval procedures. For all capital expenditures of such proceeds investment projects, the plans for use of proceeds should be submitted to the department responsible for funds application and approved by the head of department, as well as audited by the responsible officer for finance and signed off by the chairman before payment. Use of proceeds that exceed the scope of authority of the board of directors should be submitted to a general meeting for approval.

Article 14

When making payment for fund raising proceeds investment projects, the Company should ensure the necessary payment amount, payment timing, payment legality, payment method and recipients, and provide such corresponding record for future reference.

Article 15

The proceeds investment plans should be implemented according to the undertaken progress schedule committed by the board of directors. The funding application department should prepare specific progress schedule to ensure that such progress is achieved as planned, deliver periodic reports on such progress schedule and the actual progress status to the finance department of the Company as well as the secretary of the board.

Article 16

Should the investment plans could not be fulfilled according to the undertaken schedule due to unforeseeable subjective factors, the actual status must be disclosed publicly and explain such factors in detail.

Article 17

The Company should review the progress of fund raising proceeds investment projects in their entirety at the end of each accounting year.

Should the difference between the actual invested amount of such fund raising proceeds investment projects and the estimated amount of the year under the previously disclosed proceeds investment plan exceed 30%, the Company should adjust the fund raising proceeds investment plan, and disclose the previous fund raising proceeds annual investment plan, the current actual investment progress, the adjusted estimated yearly investment plan as well as the factors of such investment plan changes under the fund raising proceeds usage breakdown.

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Article 18

Should the Company decide to terminate the original proceeds usage project, it should appropriately select new investment projects as soon as possible.

Article 19

Should the Company replace any self-raised fund invested with fund raising proceeds in the proceeds investment projects, such replacement is subject to the approval of the board of directors of the Company; relevant authentication report issued by a certified accountant; the independent directors, supervisory committee and the sponsor(s) expressly agree with such advices; and the information disclosure obligation being fulfilled. The replacement must take place within 6 months of receiving such fund raising proceeds.

Should the Company disclose in the application documents the intension of replacing any self-raised fund invested with fund raising proceeds, and the amount previously invested can be confirmed, such replacement should be reported to the stock exchange and issue an announcement within 2 trading days after the event.

Article 20

Any changes in the location of implementing the fund raising proceeds investment project should be considered and approved by the board of directors of the Company, and report to the stock exchange and issue an announcement on the reason of such changes as well as the advice of the sponsor(s) within 2 trading days

Should the Company change the investment project of the fund raising proceeds investment project, or any implementation methods, such as the purchasing method of any material assets, such changes should be considered as changes in the purpose of fund raising proceeds.

Article 21

The Company can temporarily direct any idle fund raising proceeds to supplement the current funds under the following conditions:

- (1) There should not be any de facto changes in the purpose of fund raising proceeds;
- (2) The normal implementation of the proceeds investment plan should not be affected;
- (3) The amount of any individual supplement to the current funds should not exceed 50% of the net fund raising proceeds;
- (4) The duration of any individual supplement to the current funds should not exceed 6 months;

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- (5) Any previous temporary supplement of fund raising proceeds to the current funds are repaid (if applicable);
- (6) The sponsor(s), independent directors and the supervisory committee have expressly agree with such advices.

The abovementioned should be considered and approved by the board of directors of the Company, and shall be reported to the stock exchange and issue an announcement within 2 trading days.

Should the idle proceeds directed as supplement to the current funds exceed 10% of proceeds of this fund raising event, such supplement should be considered and approved on the general meeting, and online voting methods should be provided as required. Independent directors should individually express their opinion and disclose accordingly.

Supplement of idle fund raising proceeds to the current funds should be limited and to be applied to production and operation related to the main operating businesses, and should not be directly or indirectly applied to placing of new shares, subscription or investment in stocks and any derivative instruments or convertible bonds, etc.

The listed company should return part of the funds to the special deposit account for proceeds of financing before expiry of the supplemental current funds, and report to the stock exchange and issue an announcement within 2 trading days after full repayment of such funds.

Article 22

Should the listed company supplement its current funds with any idle fund raising proceeds, it should disclose the followings:

- (1) Basic facts on this fund raising event, including the time, amount and investment plans thereof;
- (2) Usage of the fund raising proceeds;
- (3) The amount and term of supplementing the current funds with idle fund raising proceeds;
- (4) The financial costs estimated to be saved from supplementing the current funds with idle fund raising proceeds; reasons of shortage in current funds; the presence of de facto changes in the purpose of fund raising proceeds; and measures to guarantee the normal implementation of fund raising proceeds investment projects;
- (5) Opinions issued by the independent directors, the supervisory committee and the sponsor(s);
- (6) Other content as required by the stock exchange.

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Article 23

Within 6 months of receiving the fund raising proceeds, the Company should sensibly arrange for the application of Excess Funds base on the development plans and actual production and operation demand of the Company, and submit to the board of directors for consideration and approval, after which an announcement should be issued accordingly.

The independent directors and sponsor(s) should express their independent opinions on the fairness and necessity of the application plan of Excess Funds, and disclose such opinions at the same time as the relevant announcement issued by the Company. The Excess Funds should be applied towards the main operating business of the Company, and cannot be applied towards high risks investments such as security investments, entrusted wealth management, derivative instruments investments and venture investments, nor to supply financial assistance to other parties.

Before the actual application of the Excess Funds, the Company should comply with the relevant deliberation procedures of the board of directors or of the general meeting, and make relevant disclosure in a timely manner.

Chapter 4 Changes in the Purpose of Fund Raising Proceeds Investments

Article 24

The purpose of fund raising proceeds investments should be in line with the promised investment project set out in the application form. Should there be any changes in the purpose of fund raising proceeds investments due to reasonable factors such as any market changes, such changes in the purpose of proceeds investments is subject to the consideration and approval of a resolution in relation to the changes in purpose of fund raising proceeds investments at the board meeting and general meeting.

Article 25

The board of directors of the Company should prudently prepare the feasibility analysis of the new fund raising proceeds investment project after such changes, to ensure a better market outcome and profitability of such investment, and effectively minimise the investment risks and increasing the effective use of proceeds.

After such changes, the fund raising proceeds should be invested in the main operating businesses.

Article 26

Should the Company intend to change the purpose of fund raising proceeds investment, it should report to the stock exchange within 2 trading days after submission to the board of directors for consideration, and issue an announcement on the following:

- (1) Basic facts on the original investment project and the specific reasons of such changes;

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- (2) Basic facts on the new investment project, feasibility analysis and risks warning;
- (3) The investment plan of the new project;
- (4) The explanation of whether the new project has obtained or pending on the approval of the relevant authorities (if applicable);
- (5) The opinion of the independent directors, the supervisory committee and the sponsor(s) in respect of the change of the purpose of fund raising proceeds investment;
- (6) The explanation of such changes in fund raising proceeds investment projects is pending on submission to a general meeting for consideration;
- (7) Any other content as required by the stock exchange.

Should the new projects involve any connected transactions, acquisition of assets or external investments, the Company would make relevant disclosure as required by the relevant regulations.

Article 27

Should the Company change the purpose of such fund raising proceeds investment to acquisition of assets (including equity) of the controlling shareholders or de facto controller, it should avoid creating market competition with industry players and connected transactions minimized after said acquisition.

Article 28

Upon the completion of individual or all fund raising proceeds investment projects, should the Company apply the saved and remaining funds towards any other purposes, it should comply with the following procedures:

- (1) The independent directors giving explicit consent in their independent opinions;
- (2) The sponsor(s) giving explicit consents;
- (3) Consideration and approval by the board of directors.

Chapter 5 Management and Supervision of the Fund Raising Proceeds

Article 29

In case proceeds is used within the year raised, the board shall issue a special report on the annual deposit and use of proceeds and engage certified public accountants to issue a verification report on the deposit and use of proceeds. The verification report shall be disclosed in the annual report.

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Certified public accountants shall provide verification conclusion to the board as to whether the special report of the board actually reflects the annual deposit and use of proceeds and make verification conclusion.

In case the verification conclusion is either a “qualified”, “disapproval” or “non-conclusive”, the board shall conduct analysis in respect of the reasons for the conclusion given by the certified public accountant in the verification report, propose corrective measures and make disclosure in the annual report. The sponsor(s) shall carry out on-site inspection and issue special examination report in respect of the annual deposit and use of proceeds within 10 trading days after the verification report is disclosed. The reasons for the above verification conclusion given by certified public accountant shall be seriously analyzed in the examination report, and explicit examination opinion shall be given. The Company shall report to the stock exchange within 2 trading days after receiving the examination report and make an announcement thereon.

Article 30

The independent directors shall be concerned about whether there is a significant discrepancy between the actual use of proceeds and the information disclosure made by the Company. Upon agreement by more than half of the independent directors, the independent directors may engage certified public accountants to issue verification report in respect of the use of proceeds. The Company shall fully cooperate with the special audit work and pay the audit fees as necessary.

Chapter 6 Supplementary Provisions

Article 31

Upon consideration and approval by an ordinary resolution on the general meeting of the Company, the system shall take effect upon listing of the Company on the stock exchange in the PRC.

Article 32

For all matters in the system which are not mentioned, or the system is contradictory to the laws, regulations and listing rules of the listing domains or the requirements under the articles of associations, the relevant laws, regulations, listing rules of the listing domains and the requirements under the articles of association shall be followed.

Article 33

Any amendments to the system is subject to consideration and approval at a general meeting.

Article 34

The system is subject to the interpretations of the board.

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Chapter 1 Introduction

Article 1

The system is formulated according to the Companies Act, Securities Law, Business Enterprise Accounting Standards-Disclosure on the Connected Party Relationship and its Transaction and other related laws, regulations and normative documents and the related requirements under the Articles of Association of Guangzhou R&F Properties Co., Ltd. (hereinafter referred as the “Articles of Association”) for the purpose of ensuring that connected party transaction entered into between Guangzhou R&F Properties Co., Ltd. (hereinafter referred as the “Company”) and connected party comply with fair, just and open principles and ensure the conduct of connected party transaction of the Company not impair the legal interests of the Company and non-related shareholders.

Article 2

Other than the related laws, regulations and normative documents and the requirements under the Articles of Association, the connected party transaction entered into between the Company and the connected party shall comply with the related requirements under this system.

Chapter 2 Connected Party and Related Relationship

Article 3

The related persons of the Company include related legal persons and related natural persons.

Article 4

Legal persons or other organizations in the following are related legal person of the Company:

- (1) Any legal person or other organizations directly or indirectly controlling the Company;
- (2) Any legal person, except the Company or its holding subsidiaries, directly or indirectly controlled by the legal person stated in clause (1) above;
- (3) Any legal person or other organizations, except the Company or its holding subsidiaries, directly or indirectly controlled by the natural person as defined in Article 5, or in which the related natural person is holding the post of director and senior management positions;
- (4) Any legal person holding more than 5% of the Company’s shares;

- (5) CSRC, stock exchange, or the legal person or other organizations identified by the Company, based on the principle of substance rather than form to have special relations with the Company, and may cause the Company's interest to prejudice in favour of the legal person.

Article 5

The natural person under any of the following circumstances is a related natural person of the Company:

- (1) Any natural person directly or indirectly holding more than 5% of the Company's shares;
- (2) The directors, supervisors and senior management of the Company;
- (3) The directors, supervisors and senior management of the Company of the legal person stated in Article 4(1) above;
- (4) The family members in closed relations with the person stated item (1) and (2) of this Article, including spouses, parents and spouses' parents, brothers and sisters and their spouses, children over 18 years old and their spouses, spouse's brothers and sisters, parents of children's spouses;
- (5) CSRC, stock exchange, or the natural person identified by the Company, based on the principle of substance rather than form to have special relations with the Company, and may cause the Company's interest to prejudice in favour of the natural person.

Article 6

The legal person or natural person under any of the following circumstances is deemed to be a related person of the Company:

- (1) Agreements or arrangements signed or made by the Company or its related person, which will result in a similar situation as under any one of the circumstances as mentioned in Article 4 and 5, should such agreements or arrangements become effective or within 12 months in the future;
- (2) Circumstances that arise that is deemed to be similar to the circumstances as mentioned in Article 4 and 5 in the past 12 months.

Article 7

Connected persons refers to during the financial and operational decision-making, he or she has the ability to directly or indirectly control or exert influence on matters and channels over the Company, including but not limited to the shareholding, personnel, managerial and business benefit relationships existing between the related parties and the Company.

Article 8

Connected persons shall be judged substantially from specific influences, channels and to an extent in which the connected party controls or affects the Company.

Chapter 3 Related Transactions

Article 9

Connected party transaction of the Company refers to any transaction involving a transfer of rights to resources, or obligations between the Company or its holding subsidiaries and the related persons of the Company, including the following transactions:

- (1) Purchase or sale of assets;
- (2) External investment (including entrusted funds management, custody, investment in subsidiaries, etc.)
- (3) Provision of financial assistance;
- (4) Provision of guarantee;
- (5) Lease of asset;
- (6) Enter into contract in management (including entrusted operation, entrusted with operation);
- (7) Donation or acceptance donation of assets;
- (8) Reorganization of creditor's rights and debts;
- (9) Transfer of or assignment of research and development projects;
- (10) Execution of license agreements;
- (11) Purchase or sale of raw materials, fuel and power;
- (12) Purchase or sale of products and goods;
- (13) Provision of or acceptance of labour services;
- (14) Entrust or acceptance of authorization to purchase or sell;
- (15) Agency;
- (16) Leasing;

- (17) Joint investment with related persons;
- (18) Other matters deemed to be related transactions.

Article 10

Any connected party transaction of the Company shall follow the following basic principles:

- (1) Good faith principle;
- (2) Without prejudice to the legitimate interests of the Company and the non-connected shareholders;
- (3) If the connected party is entitled to the voting right at the general meeting, the connected party shall abstained from voting;
- (4) When the Board voted on the matters, the interested directors should be avoided;
- (5) The Board of Directors shall determine whether the connected party transactions are beneficial to the Company based on objective criteria; and should hire a professional appraiser or an independent financial adviser, if necessary;
- (6) Independent directors shall issue independent opinion on the significant connected party transactions.

Article 11

The Company shall take effective measures from interfering with the Company's business by way of monopoly procurement and sales channels and thereby is detrimental to the interests of the Company and non-related shareholders. Price or charging principles of the connected party transactions shall not deviate from an independent third party market price or charging criteria. The Company shall fully disclose the pricing basis on the connected party transactions.

Article 12

The connected party transactions between the Company and a connected party shall sign written contract or agreements, and comply with the principles of equality, equal compensation and the content of the agreements or contracts shall be clear and specific.

Article 13

The Company shall adopt effective measures to prevent shareholders and the related parties from occupying or transferring the funds, assets and other resources in any way.

Chapter 4 Decision-making Procedures of Connected Party Transaction

Article 14

When the Company signs a contract, agreement or other arrangements in respect of connected party transactions with the connected party, it shall take the necessary precautions:

- (1) Any person shall only sign the agreement on behalf of one party thereof;
- (2) Any connected party shall not interfere with the Company's decision in any manner;
- (3) When the Board considers the connected party transactions, the related directors shall avoid the voting and is unable to exercise the voting right on behalf of the other directors. Related directors include the following directors or those directors under one of the following circumstances:
 1. Being the other party to the transaction;
 2. Holding post in the other party to the transaction, or in any legal corporation organization which controls directly or indirectly such other party of the transaction, or in any legal corporation under direct or indirect control by such other party to the transaction;
 3. Being a directly or indirectly controlled person of the other party over the transaction;
 4. Being any family members of the other party to the transaction or any family member, with close relationship with its directly or indirectly controlled person (see detailed scope in Article 5 (4));
 5. The other party to the transaction or its directly or indirectly controlled person's directors, supervisors and senior managements' close family member (see detailed scope in Article 5 (4) hereof);
 6. Any director whose independent commercial discretion may be affected as determined by the CSRC, stock exchange, or the Company based on any other reasons.
- (4) At the general meeting consider the connected party transactions, the shareholders avoid voting under one of the following circumstances:
 1. Being the other party to the transaction;
 2. Having direct or indirect control over the other party to the transaction;
 3. Directly or indirectly controlled by the other party to the transaction;

4. Commonly directly or indirectly controlled by the same legal person or natural person with the other party to the transaction;
5. Outstanding equity transfer agreement or other agreement existed with the other party to the transaction or its related person and cause the voting right be limited or affected;
6. CSRC, Shenzhen Stock Exchange identified and may cause the Company's interest to prejudice to the legal person or natural person.

The Company shall not directly or through its subsidiary to provide borrowings to the Directors, Supervisors and senior managements.

Article 15

The valid resolution made by the board of directors for any proposal or matters related with any director shall be approved by over half of the non-related directors. If the board of directors is comprised of less than three directors upon abstention of the related directors, the Company shall submit such transaction at the general meeting of the shareholders of the Company for consideration.

Article 16

When the general meeting considers the connected party transactions, the related shareholders shall not be involved in the voting, its representing voting right shares is not included in the total shares of voting shares; the announcements on the general meeting shall fully disclose the voting position of non-related shareholders.

The related shareholders should express clearly to be absent, and the other shareholders attending the general meeting shall consider and vote for the matters in respect of the connected party transactions. The voting results shall have the same legal effect as other resolutions passed at the general meeting.

Article 17

Decision-making power for the connected party transaction:

- (1) The Company and the connected party is proposed to enter into the related transaction meeting one of the following criteria, such related transaction shall, after approval by the board of directors, be submitted to the general meeting for approval and is subject to implementation upon approval at the general meeting:

1. If a connected party transaction (except the Company providing guarantee or accepting donation of any asset in cash, merely reduction of the Company's obligations) with a total amount of more than RMB30 million entered between the Company and any related person exceeds the value of the latest audited net assets of the Company by more than 5%. Securities services organization with the qualification of conducting business relating to securities and futures shall issue report for audit or evaluation on the object of the transaction, and for the transaction object involved with the connected party transaction related to the ordinary operation, it may not conduct the audit or evaluation.
2. The Company provides guarantee to the related person.
- (2) If a connected party transaction (except the Company providing guarantee) with a total amount of more than RMB0.3 million is to be entered between the Company and any related natural person and a total amount of RMB3 million is to be entered between the Company and any related person and that exceeds the value of the latest audited net assets of the Company by more than 0.5%, the Company shall be disclosed timely.
- (3) If a connected party transaction (except the Company providing guarantee) is to be entered between the Company and any related person and that exceeds the value of the latest audited net assets of the Company by more than 0.5% of, the transaction shall be implemented upon approval by the board of directors.
- (4) Unless otherwise provided in this measures, other connected party transactions shall be delegated by the board of the directors to chairman of the board of the directors to determine. But when the connected party transaction is related to the chairman, it shall be implemented upon approval by the board of the directors.

Article 18

Independent director shall prior acknowledge or issue independent opinions in respect of the following connected party transactions:

- (1) Any related transaction with a total amount of or exceeding RMB0.3 million is to be entered into between the Company and the related natural person;
- (2) If a connected party transaction with a total amount of more than RMB3 million is to be entered between the Company and any related person and exceeds the value of the latest audited net assets of the Company by more than 0.5%, the transaction shall be submitted to the board of directors for discussion upon acknowledgement by the independent directors;
- (3) Independent directors shall issue independent opinions over the existing or newly entered into connected party transaction with a total amount of more than RMB3 million and exceeds the value of the latest audited net assets of the Company by more than 0.5% between the shareholders, actual controlled persons and related enterprises.

Article 19

The Company shall employ independent financial consultants to express opinions on whether such connected party transaction is required to be approved by the general meeting is fair and reasonable to all shareholders, and issue report thereon by the independent financial consultant.

Article 20

When the Company and related person enters into the transaction as stated in Article 9 (11) to(14) related to the daily operation, the transactions need not be audited or appraised but shall be considered according to the following requirements:

- (1) For the first occurrence of a daily connected party transaction, the Company shall enter into written agreement with the related person, for the transaction amount involved in the agreement respectively apply Article 17, the transaction shall be submitted to the board of directors or general meeting for consideration; if the agreement has no specific transaction amount, it should be submitted to general meeting for consideration;
- (2) For those daily connected party transaction being implemented and has been passed at the board of directors or general meeting, if the major articles in the course of execution has not changed materially, the Company shall disclose the actual performance of the related agreement according to requirements in the regular reports and indicates whether it comply with the requirement of the agreement; If the major articles in the course of execution change materially or the term of agreement is expired and need to be renewed, the Company shall submit the new revised or renewed daily connected party transaction agreement to the board of directors or general meeting for consideration according to the transaction amount involved in the agreement respectively applying Article 17; if the agreement has no specific transaction amount, it should be submitted to general meeting for consideration;
- (3) For large occurrences of daily connected party transaction occurred on yearly basis, for the reason that it needs to frequently enter into new daily connected party transaction agreements and is difficult to submit every agreement to the board of directors or general meeting for consideration according to this Article (1), the Company may before disclosing the previous annual report, conduct reasonable estimations in respect of the total amount of daily connected party transaction to occur in the current year and submit it to the board of directors or general meeting for consideration according to the estimated amount applying Article 17. If the amount of daily connected party transaction in the actual execution exceeds the estimated total amount, the Company shall re-submit it to the board of directors or general meeting for consideration according to the excess amount applying Article 17.

Article 21

The agreement for daily connected party transaction shall at least include transaction price, pricing principle and basis, transacted aggregate or its determination method, payment manner and other major articles.

Article 22

The supervisory committee shall express clear opinions on whether the connected party transaction requiring to be approved by the board of directors or general meeting is fair and reasonable and whether there is circumstance which would impair the legal interests of the Company and non-related shareholders.

Article 23

When the board of directors make resolutions over the connected party transaction, it shall at least review the following documents:

- (1) Background description of connected party transaction;
- (2) Object qualification certificate of the connected party (legal person business license or natural person identification certificate);
- (3) Agreement, contract or any other written arrangement related to connected party transaction;
- (4) Basis document and materials for the pricing of connected party transaction;
- (5) Explanation of effects of connected party transaction on the interests of the Company and non-related shareholders;
- (6) Intermediary report (if any);
- (7) Other materials required by the board of directors.

Article 24

When the general meeting makes resolutions on the connected party transaction, other than the documents stated in Article 23, it still need reviewing the following documents:

- (1) opinions issued by the independent directors in respect of the transaction;
- (2) resolutions made by the supervisors of the Company in respect of the transaction.

Article 25

According to the Articles of Association and rules of procedure, the general meeting and the board of directors shall consider and vote for the connected party transaction of the Company within the scope of their own authorization and comply with requirements of avoiding articles.

Article 26

The connected party transaction needs to be approved by the board of directors or general meeting shall in principle obtain the prior approval from the board of directors or general meeting. For special reasons, the connected party transaction has not been implemented without the prior approval from the board of directors or general meeting, the Company shall perform the approval procedures within 60 days from the date when it knows the related fact and confirm the connected party transaction.

Article 27

The connected party transaction may not be implemented without the approval or confirmation according to the procedure required in the Articles of Association and this system; For those which has been implemented but not obtained approval or confirmation, the Company has the right to terminate it.

Chapter 5 Information Disclosure of Connected Party Transactions**Article 28**

If the Company incurs any connected party transaction with transaction amount over RMB 0.3 million (inclusive) with related natural person, such connected party transaction shall be promptly disclosed.

Article 29

If a connected party transaction with transaction amount over RMB3 million (inclusive) is entered into between the Company and the related legal corporation and exceeds the amount of the latest audited net assets of the Company by more than 0.5% (inclusive), such connected party transaction shall be promptly disclosed.

Article 30

When disclosing the connected party transaction, the Company shall submit the following documents to the stock exchange:

- (1) Announcement proof;
- (2) Agreements or letter of intention in relation to the transaction;

- (3) Resolutions of the board of directors and resolutions announcement presentations;
- (4) Government approval involved in the transaction (if applicable);
- (5) Professional report issued by the intermediary organization (if applicable);
- (6) Written document recognized before the transaction is entered by the independent directors;
- (7) Opinions expressed by the independent directors;
- (8) Other documents required by the stock exchange.

Article 31

The Company's disclosure of any connected party transaction shall include the following:

- (1) Brief description of the transaction and the fundamental situation of the transaction object;
- (2) The situation as recognized by the independent directors before the transaction is entered into and their independent opinion;
- (3) Voting results of the board of directors meeting (if applicable);
- (4) The relationships among all parties to the transaction and basic information of the related persons;
- (5) The price policy, relationships among purchase price and book value of the transaction object or appraised value and clear and fair market price, other matters related to pricing is required to be disclosed due to the specific nature of the transaction.

If there is significant difference between the purchase price, book value and appraised value or market price, the reason shall be stated. If the transaction is not fair, the transfer of interest arisen from this connected party transaction shall also be disclosed;

- (6) Major content in other aspects of the transaction agreement, including the transacted price and method of settlement, the nature and proportion of the rights and interests attributed to related person in the transaction, conditions precedent, effective date and performance term of the agreement, etc;
- (7) The purpose of the transaction and impacts of transaction to the listed company, including the necessity and real purpose of this connected party transaction, impacts on the financial status of the Company in the current period and future as well as operating result, etc;

- (8) Total amount of various connected party transaction that have been occurred with such related person on cumulative basis from the beginning of that year to the date of disclosure;
- (9) Other prescriptions required by the laws and regulations;
- (10) Other contents as required by CRSC and stock exchange that is instrumental to explain the substance of the transaction.

Article 32

When the Company enters into a connected party transaction, including “providing financial assistance”, “extending guarantees” and “entrusted funds management”, the actual amount involved shall be used as calculation standard for disclosure, and the amount shall be aggregated in 12 consecutive months according to transaction classification, in case the aggregated amount has reach an amount as set under Article 28 and Article 29, the provisions of the above articles shall apply. If the relevant obligations under Article 28 and Article 29 have been performed, these items shall not be included in the scope of relevant aggregation.

Article 33

If the Company enters into a connected party transaction other than those stated in the previous article, the relevant transaction under the same transaction classification shall, according to the principle of aggregation in 12 consecutive months, be subject to the provisions of the Articles 28 and Article 29 respectively. If the relevant obligations under Articles 28 and Article 29 have been performed, these items shall not be included in the scope of relevant aggregation.

Article 34

When the Company and the related person first conducted the connected party transactions related to daily operation as stated in Article 9 No. (11) to No. (14), it shall be calculated according to the actual occurred amounts of connected party transaction or the whole year accrued total amounts of the same kind connected party transaction in the year predicted based on the related object and the Article 28 and Article 29 of this system shall apply.

When the Company continues to conduct the preceding connected party transaction with the related person in the following years, it shall conduct a reasonable estimation according to the total amount of similar connected party transactions accrued in the whole year no later than the date when disclosing the previous year’s annual report. When the predicted total amounts amounted to the criteria required under Article 28 and Article 29, it shall be promptly disclosed upon estimation.

Article 35

For the connected party transaction in the scope of the predicted total amount in the preceding article, if the major transaction conditions changes materially such as pricing basis, transaction price and method of payment, the Company is exempt from executing the requirements under Article 28 and Article 29, but will highlight such connected party transaction in the regular reports and makes comparisons with the disclosed estimations and note where differences have occurred and the reasons that have resulted between the two prices.

When the connected party transaction exceeds the total predicted amount, or otherwise the major transaction conditions have changed materially, the Company shall indicate the reason for exceeding the estimated total amount and the reason for the material change and re-estimates the total amounts of similar connected party transaction accrued for the whole year and performs disclosure obligation and consideration procedures according to the relevant requirements under this system.

Article 36

The daily connected party transaction shall include:

- (1) Pricing policy and basis;
- (2) Transacted prices;
- (3) Transaction aggregate intervals or methods for determining the transaction aggregate;
- (4) Time and manners of payment;
- (5) Comparison with actual incurred amount of the same daily connected party transaction in the previous three years;
- (6) Other major articles which shall be disclosed.

Article 37

The following transactions between the Company and any related person can be exempt from disclosure and voting in accordance with the procedure of a connected party transaction:

- (1) A party subscribe in cash the shares, corporate or business debentures, convertible debentures or other derivative products publicly offered by the other party;
- (2) A party, as a member of the underwriting group, underwrites the shares, corporate or business debentures, convertible debentures or other derivative products publicly offered by the other party;

- (3) A party receives dividends, bonus or remunerations according to the resolution of general meeting of the other party;
- (4) Other transaction confirmed by the stock exchange.

Article 38

The connected party transaction occurred by the subsidiary controlled by the Company or holding 50% or over shares shall be deemed as corporate conduct, and its disclosure standards shall use the requirements under Article 28 and Article 29; the connected party transaction occurred by participating company of the Company, shall be calculated by transaction object multiplied by participating proportion or agreement bonus proportion and Article 28 and Article 29 under this system shall apply.

Article 39

The daily connected party transaction agreement entered between the Company and the related person with term over three years, shall re-perform the relevant decision-making procedures and disclosure obligation according to this system every three years.

Chapter 6 Supplementary Provisions**Article 40**

This system takes effect upon approval by way of ordinary resolutions at the general meeting. After consideration and approval by the general meeting, this system shall become effective on of the date when shares of the Company are listed on domestic stock exchange. The former connected party transaction measures of the Company shall be substituted by this system after these rules become effective.

Article 41

If the event that any matters which is not covered by this system or otherwise contradicts the laws, regulations, listing rules at listing place and Articles of Association promulgated or amended after these rules becoming effective then the provision of such laws and regulations, listing rules at listing place and Articles of Association shall prevail.

Article 42

Amendments to the system shall be approved by the general meeting.

Article 43

The system shall be construed by the board of the directors.

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Chapter 1 General Provisions

Article 1

The system is formulated according to the Companies Act of the PRC, Securities Law of the PRC, Notice on Standardizing the External Guarantee of Listed Companies and other applicable Listing Rules of Shares on the Stock Exchange and the related requirements under the Articles of Association of Guangzhou R&F Properties Co., Ltd. (hereinafter referred as the “Articles of Association”) for purpose of ensuring the External Guarantee management and standardizing the company guarantee behaviors and controlling operational risk.

Article 2

External guarantee mentioned in the system means the Company in the identity of the third person as debtor for debts incurred by the creditor provides security, when the debtor defaults, the Company will assume the debts or responsibility in accordance with the agreement.

The external security mentioned in the system including the guarantees provided by Company to holding subsidiaries. The natures of warranties include guarantees, mortgages and pledges.

The total amount of external guarantees of the Company and its holding subsidiaries, refers to the amount of external guarantees including the guarantees provided to holding subsidiaries of the Company, including the total amount of external guarantees by the holding subsidiaries.

Article 3

The system is applicable to the Company and its holding subsidiaries (hereinafter referred to as the subsidiary), external guarantee of a subsidiary will be executed in accordance with the system.

Article 4

Before submitting external guarantees to the board of directors or shareholders for consideration, subsidiaries should declare in writing to the Company five working days in advance and on the date the board of directors or the shareholders’ meeting resolves, a written notice will be given to Secretary of the Board of the Company to perform the relevant information disclosure obligations.

Article 5

The Company's external guarantee must comply with the principles of legality, prudent, mutual benefit and safety and strictly control the guarantee risk.

Article 6

The Company's external security must call for a counter-guarantee and counter-guarantee provider should have practical affordability and the counter-guarantee is enforceable, except for guarantees provided by the Company to the subsidiaries

Chapter 2 Decision-making Authority of External Guarantee

Article 7

External security matters must be considered by the board of directors and/or general meeting.

Article 8

When the Board considers financial guarantees, it shall be reviewed and approved by more than two-thirds of the directors present at the meeting.

The Board reserves the right to consider and approve the situations outside of the circumstances listed in Article 11 of the system.

Article 9

External guarantees which shall be considered and approved at a general meeting must be submitted to the general meeting for consideration by the Board of Directors.

Article 10

When an external guarantee is considered and approved at the general meeting, it must be approved by more than half of the shareholders attending the general meeting with voting rights held by shareholders, in consideration of the external guarantee in Article 11 (2), it shall get two-thirds of all shareholders attending the shareholders' meeting with voting rights.

Article 11

The following external guarantees shall be approved at the general meeting:

- (1) Any guarantee with total external guarantee by the Company and its subsidiaries, meet or exceed 50% of the latest audited net assets;
- (2) Any guarantee with total external guarantee of the Company meet or exceed 30% of the latest audited total asset;

- (3) Provide guarantees for asset-liability ratio of over 70% of the guarantee;
- (4) Amount of single guarantee latest audited net assets of more than 10% of the guarantee;
- (5) Guarantee provided to Shareholder, actual controller and its affiliates.

Article 12

The Board, general meeting for consideration of the guarantee resolutions provided by shareholder, actual controllers and related enterprises, related directors and related shareholders should comply with “administrative rules for connected party transaction”, the voting shall be approved by more than half of the voting rights held by other directors or shareholders attended the Board meeting and general meeting.

Chapter 3 Accepting and Reviewing Procedures for the Application of External Guarantee

Article 13

Before the Company decide to provide external guarantee, it shall determine the credit status of the guaranteed subject, and carefully evaluate the benefits and risk of the guaranteed matters, including but not limited to:

- (1) An corporate entity as established by law and legally existed, there does not exist need to terminate;
- (2) Favorable operations and financial condition, with stable cash flows and good prospects for development;
- (3) For when a guarantee has been provided, there is no circumstance in which creditors require the Company to take joint guarantee liability;
- (4) Material provided is true, complete and effective;
- (5) The Company has control over it.

Article 14

The Company’s external guarantee management implements multi-auditing system, the involved relevant departments of the Company involved include:

- (1) The finance department will make a preliminary assessment and daily management for the Company’s external guarantees, be responsible for receiving and preliminarily assessment the guarantee application submitted by all guaranteed persons as well as the daily management and continuous risk control of external guarantee;

- (2) Secretary to the Board is responsible for compliance review of external guarantee, organizing and performing the approval procedures of the Board.

Article 15

External guarantee application is centrally reviewed by finance department, the guaranteed person shall submit the guarantee application and annexes to the finance department at least five working days in advance and the guarantee application shall include at least the following:

- (1) Basic situation of the guaranteed person;
- (2) Description of the major debt situation guaranteed;
- (3) Type of guarantee and warranty period;
- (4) The major terms of the guarantee agreement;
- (5) Explanation of guaranteed debt repayment plan and sources by the guaranteed person;
- (6) Counter-guarantee proposal (if needed).

Article 16

When the guaranteed person submits the guarantee application, it shall be accompanied by the guarantee related information that should include, but are not limited to:

- (1) Copy of the corporate entity's business license of the guaranteed person;
- (2) The latest audited financial statements for the previous year and the most recent period of the guaranteed person;
- (3) Major secured debt contract;
- (4) Guarantee contract format text provided by the creditor;
- (5) Explanation that significant litigation, arbitration or administrative punishment does not exist;
- (6) Other information that the financial sector considered to be necessary to submit.

Article 17

After the application of the guaranteed person is accepted by the finance department, it shall investigate the credit status of guaranteed person timely together with the relevant departments and conduct risk evaluation, and upon forming the written report (together with guarantee application and annex copies), these will be submitted to the secretary to the board of directors.

Article 18

After receiving the written report from the finance department and related guarantee application information, Secretary to the Board shall conduct a compliance review.

Article 19

Upon passing the compliance review of the guarantee application, the Secretary to the Board will arrange for examination and approval procedures at a Board meeting or general meeting according to the relevant requirements under the Articles of Association.

Article 20

When considering and checking the guarantee application, the Board shall be cautious and strictly control the debt risk generated from external guarantee. When necessary, the Board may hire external professional organization to assess the risk from external guarantee as a basis for decision made by the Board or general meeting.

Article 21

Should the board of directors consider and approve two or more of external guarantee applications (inclusive), it shall vote on each application separately for every external guarantee and shall obtain the agreement by more than two-thirds of the directors attending the meeting. If due to directors abstain from voting that would lead to the number of directors participating in the voting less than two-thirds of the board of the directors, such external guarantees shall be submitted to the general meeting for voting.

Article 22

When the board of directors or shareholders at the general meeting presides over a guarantee, the directors or shareholders interested in the guarantee shall abstain from voting.

Article 23

Secretary to the Board shall have a detailed record of the board meeting and the discussions and voting at the general meeting which considers the guarantee matters and should perform information disclosure obligations on a timely basis.

Article 24

Independent Director should make special explanation on the Company's accumulated and current external guarantees, and the progress of the implementation of this system in the annual report and express independent opinions.

Chapter 4 Daily Management and Continuous Risk Control for External Guarantee

Article 25

The Company shall enter into contract in writing for external guarantee and the guarantee contract shall comply with the requirements under the Guarantee Law and other related laws and regulations and the principal terms should be clear and unambiguous.

Article 26

The Finance department is responsible for the daily management for external guarantees, and is responsible for the administration for unified registration and filings for external guarantees by the Company and its controlled subsidiary.

Article 27

The finance department should duly keep all documents and information related to external guarantees (including but not limited to application letter for external guarantees and its annexes, audited opinions issued by the finance department, other department of the Company and the board of directors or general meeting, signed guarantee contract) and shall on quarterly basis complete the schedule for external guarantees and corresponding copy is provided to the chief executive and the secretary to the board of directors.

Article 28

The finance department should track and supervise the operation situation and financial situation of the guaranteed person during the period of external guarantee so as to continuously control risk, and for circumstances in which affect the guaranteed person's repayability changes materially during the period of external guarantee, it shall be reported to the board of directors of the Company. The specific work shall be done as follows:

- (1) Timely understand the use of funds and recovery situation of the guaranteed party;
- (2) Regularly understand the debt repayment from the guaranteed party and creditor;
- (3) If the financial situation of the guaranteed party is found to be worsening, promptly report it to the Company and make recommendations;
- (4) If the guaranteed party is found to be in the suspicion of transferring property and evading debts, shall immediately report it to the Company and conduct risk prevention work in hands with the Company's legal consultant;
- (5) Give a notice two months in advance to the guaranteed party to conduct debt repay and follow-up work.

Article 29

After being due for an extension of the guaranteed debts and need to continue to provide guarantee by the Company, it should be considered as a new external guarantee, shall be performed guarantee application reviewing and approval procedures according to the procedure prescribed herein.

Article 30

The guaranteed party fails to perform, and a creditor claims against the Company, the Company should start a counter-guarantee recovery program immediately.

Article 31

After the People's Court accepted the debtor's bankruptcy case, the creditor fails to file claims, the Finance Department and the Company's legal counsel should propose the Company to participate in the distribution of the bankruptcy property and exercise the right of recourse in advance.

Article 32

In guaranteed contracts to more than two guarantors and an agreement with creditors to share of responsibility of guarantee was made, the Company will not assume responsibilities beyond the Company's share of guarantee responsibility.

Article 33

In case of any actual loss incurred by the Company as a result of unauthorized signing of external guarantee contract or neglect of duty by the relevant review departments and personnel or other senior management staff of the Company involved in the system due to their failure to comply with the prescribed procedures, the Company shall pursue the liability against the responsible person and take disciplinary action depending on the actual circumstances.

Chapter 5 Information Disclosure for External Guarantee

Article 34

Upon resolution being made in respect of external guarantee at the meetings of the board of directors or general meeting, the board of directors shall submit the related documents promptly to the stock exchange and make information disclosure at designated newspapers and websites according to the requirements of listing rules at listing place.

Article 35

For the guarantee matters that have been disclosed, the responsible department and officers shall promptly inform the secretary to the board of directors under the following circumstances so that the Company can perform the disclosure obligation timely:

- (1) The guaranteed person does not fulfil the repayment obligations within 15 working days after the maturity of the debt;
- (2) The guaranteed person goes into bankruptcy, liquidation and other circumstances which seriously affect the repayability.

Article 36

The independent directors shall make special explanation for external guarantee and execution of above prescriptions in the interim report and annual report and issued independent opinions and may engage accounting firm for auditing, if necessary.

Chapter 6 Supplementary Provisions

Article 37

The system shall be construed by the board of the directors.

Article 38

The system takes effect upon approved by way of ordinary resolutions at the general meeting. After consideration and approval by the general meeting of shareholders, this system shall become effective on the date when shares issued under the public offering of the Company are listed for dealing at any domestic stock exchange. The former system for external guarantee of the Company shall be substituted by this system after these rules become effective.

Article 39

In the event that any matters which is not covered by this system or otherwise contradicts the laws, regulations promulgated in the future, and the Articles of Association amended through legal procedures, then the provisions of such laws and regulations, the Articles of Association shall prevail.

Article 40

Amendments to the system shall be approved by the general meeting.

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Chapter 1 General Provisions

Article 1

In order to strengthen the management of Guangzhou R&F Properties Co., Ltd. (hereinafter referred to as the “Company”) over its external investments, regulate the Company’s external investment acts, enhance its capital operating efficiency, as well as to safeguard the security and compliance of the Company’s external investments, this system has been formulated based on the Company’s actual circumstances and pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Code of Corporate Governance for Listed Companies in China and other requirements of relevant laws and regulations as well as the Articles of Association of Guangzhou R&F Properties Co., Ltd. (hereinafter referred to as the “Articles of Association”).

Article 2

The external investments referred to in this system shall refer to the following investment acts effected by the Company, whether domestically or abroad, for the purposes of achieving profits or value conservation or appreciation, which shall specifically include the following categories:

- (1) Equity investments in a newly established enterprise which is a sole proprietorship or a joint venture with others;
- (2) Partial or entire acquisition of some other domestic or foreign economic entity which is connected with the Company’s business;
- (3) Capital increase for equity expansion or equity acquisition investments in respect of an existing or newly invested enterprise;
- (4) Stock investments, bond investments, fund investments, investments in bank wealth management products, and investments in other financial derivative products;
- (5) Entrusted loans;
- (6) Other investments.

Article 3

The formulation of this system is aimed at establishing an effective management measure for promoting efficiency and controlling risks in respect of the Company’s operations and processes including the organisation of resources, assets and investments, safeguarding the effectiveness and security of its capital operations, as well as for enhancing the Company’s profitability and its ability to withstand risks.

Article 4

The principles for external investments are:

- (1) Compliance with the national laws, regulations, administrative rules, regulatory requirements, the relevant stipulations of the Articles of Association and relevant national industry policies;
- (2) Compliance with the Company's development strategies and operating philosophy for safeguarding its shareholders' interests;
- (3) Clear and well-defined title relationships in respect of external investments for ensuring that investments are secure and complete and can achieve value conservation and appreciation;
- (4) Strict observance of the efficiency-oriented principle.

Chapter 2 Organizations of External Investments Management

Article 5

The Company's and board of directors shall be the decision-making organization and authorising organization in respect of the Company's external investments, and shall make decisions and grant authorisations in relation to such external investments in their respective scopes of authority. The chairman shall make decisions on the Company's external investments in accordance with the authority stipulated under this system.

Article 6

The Strategy Committee of the board of directors is a specialised procedural organization under the board of directors which is principally responsible for investigating and making recommendations on major decisions of strategic investments.

Article 7

The Company's president is the principal person-in-charge for the implementation of external investment matters. He or she shall be responsible for the planning, organisation and control of and over the personnel, capital and resources used towards the implementation of new projects, and shall report the progress of the investments to the board of directors in a timely manner and make recommendations for adjustments, so as to facilitate the making of timely amendments by the board of directors or the shareholders' meeting in respect of external investment matters.

Article 8

The Company's secretary of the board shall, in accordance with the relevant requirements of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") and the stock exchange on which the A shares are listed, offer advice or recommendations on the review and deliberation procedures for external investment projects and perform information disclosure obligations in a timely manner.

Article 9

The Company's finance department shall be the financial management unit for external investments, and shall be responsible for the investment efficiency evaluation, fund raising and processing of capital contribution formalities in respect of investment projects.

Article 10

The other departments of the Company shall participate in, assist with and offer support towards the Company's external investment work based on their respective functions.

Chapter 3 Review and Approval Authority for External Investments**Article 11**

The Company shall perform the review and approval procedures for external investments in strict compliance with the Company Law, relevant requirements of the CSRC and the authority stipulated by the Articles of Association.

Article 12

In accordance with the stipulations of the Articles of Association, the Company's decision-making authority in respect of external investments as following:

- (1) Where the total assets involved in the transaction represent over 10% of the latest audited total assets of the Company, the relevant matter shall be subject to review and deliberation by the board of directors. However, where the total assets involved in the transaction (in the event of the existence of both the carrying amount and assessed amount, whichever is higher shall prevail) represent over 50% of the latest audited total assets of the Company, the relevant matter shall also be subject to review and deliberation by the shareholders' meeting.

APPENDIX 12 ADMINISTRATIVE RULES FOR EXTERNAL INVESTMENT (DRAFT)

- (2) Where the transaction amount (including the debts and fees borne) represents over 10% of the latest audited net assets of the Company and the absolute amount exceeds RMB10 million, the relevant matter shall be subject to review and deliberation by the board of directors. However, where the transaction amount (including the debts and fees borne) represents over 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million, the relevant matter shall also be subject to review and deliberation by the shareholders' meeting.
- (3) Where the profit arising from the transaction represents over 10% of the audited net profit of the listed Company for the past accounting year and the absolute amount exceeds RMB1 million, the relevant matter shall be subject to review and deliberation by the board of directors. However, where the profit arising from the transaction represents over 50% of the audited net profit of the listed Company for the past accounting year and the absolute amount exceeds RMB5 million, the relevant matter shall also be subject to review and deliberation by the shareholders' meeting.
- (4) Where the operating revenue relating to the subject of the transaction (such as shareholding interests) for the past accounting year represents over 10% of the audited operating revenue of the Company for the past accounting year and the absolute amount exceeds RMB10 million, the relevant matter shall be subject to review and deliberation by the board of directors. However, where the operating revenue relating to the subject of the transaction (such as shareholding interests) for the past accounting year represents over 50% of the audited operating revenue of the Company for the past accounting year and the absolute amount exceeds RMB50 million, the relevant matter shall also be subject to review and deliberation by the shareholders' meeting.
- (5) Where the net profit relating to the subject of the transaction (such as shareholding interests) for the past accounting year represents over 10% of the audited net profit of the Company for the past accounting year and the absolute amount exceeds RMB1 million, the relevant matter shall be subject to review and deliberation by the board of directors. However, where the net profit relating to the subject of the transaction (such as shareholding interests) for the past accounting year represents over 50% of the audited net profit of the Company for the past accounting year and the absolute amount exceeds RMB5 million, the relevant matter shall also be subject to review and deliberation by the shareholders' meeting.
- (6) Where an external investment of the Company has failed to meet the aforementioned authority, the president shall exercise his or her decision-making power over external investments and execute relevant legal documents.

Article 13

Where the subject of the transaction is shareholding interests of the Company and the purchase or sale of such shareholding interests would cause a change in the scope of the Company's consolidated statements, all of the total assets and operating revenue of a company to which such shareholding interests relate shall be deemed to be the "total assets involved in the transaction and the operating revenue relating to the subject of the transaction" as referred to in Article 12.

APPENDIX 12 ADMINISTRATIVE RULES FOR EXTERNAL INVESTMENT (DRAFT)

Where the transaction only meets the requiring review and deliberation by the shareholders' meeting under item (3) or (5) of Article 12 and upon the absolute value of the Company's earnings per share dropping below RMB0.05 for the past accounting year, the Company may apply to the stock exchange on which the A shares are listed for a waiver from compliance with the stipulation requiring review and deliberation by the shareholders' meeting under Article 12.

Where the transaction meets the requiring review and deliberation by the shareholders' meeting under Article 12 and the subject of the transaction is shareholding interests, the Company shall provide an audit report on the financial and accounting report of the subject of the transaction for the past year and past financial period which shall be issued by an accountancy firm with relevant securities and futures practising qualifications in accordance with the corporate accounting standards, with the closing date of such audit practice being no more than six months from the date of convening of the shareholders' meeting for the review and deliberation of such transaction matter. Where the subject of the transaction is non-cash assets other than shareholding interests, the Company shall provide an assessment report which shall be issued by an assets assessment agency with relevant securities and futures practising qualifications, with the benchmark date of such assessment practice being no more than one year from the date of convening of the shareholders' meeting for the review and deliberation of such transaction matter.

Article 14

Where the Company invests in the establishment of a company and the capital contribution amount is to be paid in full in instalments, the stipulations of Article 12 shall apply based on the entire capital contribution amount stipulated by agreement.

Article 15

When the Company conducts such transactions as "stock investments, bond investments, fund investments, investments in bank wealth management products, and investments in other financial derivative products" and "entrusted loans", the incurred amount shall be taken as the basis of calculation and the calculation shall be effected on a cumulative basis for twelve consecutive months by transaction category. Where the incurred amount calculated on a cumulative basis meets the stipulated in Article 12, the stipulations in Article 12 shall apply. Where the relevant obligations have been performed in accordance with Article 12, the corresponding amount shall no longer be included in the relevant scope of cumulative calculation.

Article 16

When the listed Company conducts external investments other than "stock investments, bond investments, fund investments, investments in bank wealth management products, and investments in other financial derivative products" and "entrusted loans", the stipulations of Article 12 shall respectively apply to the various relevant transactions under the same transaction category based on the principle of cumulative calculation for twelve consecutive months. Where the relevant obligations have been performed in accordance with Article 12, the corresponding amount shall no longer be included in the relevant scope of cumulative calculation.

Article 17

External investments involving connected transactions shall be implemented in accordance with the regulations relating to connected transactions of the stock exchange on which the A shares are listed and the Company's Connected Transactions Management System.

Chapter 4 Decision-making Procedures for External Investments

Article 18

The Company's external investments shall be classified into two major types – long-term investments and short-term investments:

- (1) Short-term investments shall principally refer to investments which can be realised at any time, are held for no longer than one year (including one year) and which are permitted by the laws and regulations to be purchased by the Company, including stock investments, bond investments, fund investments, investments in bank wealth management products, investments in other financial derivative products, entrusted operations and entrusted loans.
- (2) Long-term investments shall principally refer to various investments which cannot be realised at any time or are not ready for realisation and of which the investment duration exceeds one year, including long-term bond investments, long-term equity investments and other long-term investments. The Company's long-term investment categories shall include:
 1. Enterprises promoted by the Company independently or operating projects to which the Company contributes capital independently;
 2. Joint ventures, collaborative companies or development projects which are established by the Company with its capital contribution in conjunction with other domestic or foreign independent legal persons or natural persons;

Article 19

The Company's external investments referred to in this system shall not include any act of acquiring external assets conducted by the Company.

Section 1 Short-term Investments

Article 20

The Company's short-term investment procedures:

- (1) The Company's finance department prepares a cash flow statement of a regular basis;

- (2) The Company's finance department compiles and lodges a short-term investment plan based on the status of various securities on the securities market and the profitability of other investment targets, and implements the same upon performance of the review and approval procedures in accordance with the review and approval authority.

Article 21

The Company's finance department registers the relevant short-term investment in a timely manner based on its category, quantity, unit price, accrued interest, acquisition date and other entries, and performs the relevant accounting treatment.

Article 22

Where securities investment is involved, a stringent joint control system is required to be implemented. This means that at least more than two staff members shall perform joint control, and the trading personnel in respect of the investment target shall be distinct from the funding and financial management personnel such that they form a system of checks and balances. Access to investment assets shall not be offered to only one person. Any deposit or withdrawal in respect of investment assets must be recorded in the register in detail accompanied with the signature of the person-in-charge who is present.

Article 23

Where the Company purchases short-term marketable securities, the same must be registered in the name of the Company on the date of purchase.

Article 24

The Company's finance department shall be responsible for verifying the use and balance of securities investment funds with the securities operations unit on a regular basis.

Article 25

The Company's finance department shall account for the gains received on investments (such as interest and dividends) in a timely manner.

Article 26

Where the Company performs entrusted wealth management, it shall select a qualified professional wealth management organisation with good credit status and financial standing, no negative records of integrity and strong profitability as the entrusted party, with which it shall enter into a written contract specifying the amount, duration, investment types, and the rights, obligations and liabilities of the two parties in respect of such entrusted wealth management.

Article 27

The Company's finance department shall track the progress and security of the entrusted wealth management funds and shall lodge a report in a timely manner in the event of any irregularity, such that the board of directors can immediately take effective measures for recovering the relevant funds to avoid or reduce the Company's losses.

Article 28

The Company's independent directors and supervisory committee shall be entitled to perform supervision and inspection over the use of funds, and may engage professional institutions to perform audit work where necessary.

Section 2 Long-term Investments

Article 29

The Company's external long-term investments, based on the investment project nature, shall be categorised into investments in new projects and capital increase for existing projects.

Investments in new projects shall refer to investments made in accordance with the approved investment amounts upon the approval and launch of the investment projects.

Capital increase for existing projects shall refer to activities for additional investment on top of the originally approved investment amounts in respect of existing investment projects, which are effected based on the operating needs.

Article 30

The external long-term investment procedures shall be as follows:

- (1) The relevant person-in-charge of the relevant business unit of the Company or holding enterprise under the Company shall report or lodge to the Company's secretary of the board of directors the intentions, preliminary feasibility report and basic information on the collaborating parties in respect of the investment project;
- (2) Where the total investment amount falls within the scope of the review and approval authority of the chairman of the board, he or she shall make the relevant decision. Where such total investment amount exceeds the scope of his or her review and approval authority, the chairman of the board shall perform preliminary deliberation and assessment on the investment scheme;
- (3) The board of directors shall perform the review and approval procedures in accordance with the relevant authority. Where the authority of the board of directors is exceeded, the investment project shall be subject to deliberation by the shareholders' meeting upon preliminary deliberation and passing by the board of directors;

- (4) Where an external investment project has been approved for implementation, it shall be specifically implemented by the relevant business unit of the Company which is authorised by the competent authority to do so.

Article 31

Upon conclusion of the external long-term investment agreement, the Company's finance department, legal department and other relevant departments shall cooperate with the relevant parties in undertaking such work as the business registration for capital contribution, taxation registration and opening of bank accounts.

Article 32

The implementation of external investment projects shall be subject to the relevant authorisation and approval documents having been obtained, which shall be accompanied with the reviewed and approved external investment budget plans and other relevant information.

Article 33

An investment contract or agreement shall be entered into with the invested party in respect of any long-term investment project, and such long-term investment contract or agreement shall be subject to review by the Company's legal department and approval by the authorised decision-making authority before it may be formally concluded with external parties. The Company shall authorise specific departments and personnel to contribute cash, assets in kind or intangible assets as stipulated in the long-term investment contract or agreement, and the contribution of assets in kind shall be subject to completion of the assets delivery formalities and consent from the authority regulating the use and management of assets in kind. Prior to the conclusion of the investment contract or agreement and the performance of internal decision-making, no investment funds shall be paid and no formalities for the transfer of the investment assets shall be undertaken. Upon completion of the investment, an investment certificate or other valid evidence issued by the invested party shall be immediately obtained.

Article 34

The management of the Company's operations shall report the progress of the investments to the board of directors on a regular basis and in a timely manner. Whenever the investment conditions are subject to a material change such that the investment efficiency is likely to be affected, a recommendation for the suspension of or a plan adjustment for the investment project shall be made in a timely manner, and such recommendation shall be subject to deliberation by the Company's board of directors or shareholders' meeting upon re-submission in accordance with the review and approval procedures to the Company's Strategy Committee (where necessary) for its review and approval.

Article 35

The transfer and withdraw of external long-term investments:

- (1) The Company may withdraw its external investments upon the existence or occurrence of one of the following circumstances:
 1. The term of operations of the investment project (enterprise) has expired in accordance with the articles of association of the invested company or the stipulations of contracts or agreements;
 2. The investment project (enterprise) becomes unable to repay its debts as they fall due and its bankruptcy is declared in accordance with the laws, due to its flawed operations;
 3. The project (enterprise) becomes unable to continue its operations due to the occurrence of a force majeure;
 4. Upon the existence or occurrence of some other situation which shall trigger investment termination as stipulated in the investment contract.

- (2) The Company may transfer its external long-term investments upon the existence or occurrence of one of the following circumstances:
 1. When the investment project has demonstrated an obvious departure from the Company's operating approach;
 2. The investment project has incurred continuous losses and lacks market prospects, with no hope of its being put back in the black;
 3. When a replenishment of funds is urgently required due to insufficient funds for its own operations;
 4. Such other circumstances as the Company deems would necessitate the transfer. Any investment transfer shall be effected in strict compliance with the requirements relating to investment transfers stipulated in the Company Law and the articles of association of the invested company.

- (3) Any transfer of external long-term investments shall be subject to the submission of a written analysis report on the investment transfer by the relevant unit to the chairman of the board, the board of directors or shareholders' meeting of the Company for approval. Prior to disposal of an external investment, an analysis and investigation on the external investment project which is proposed to be disposed of shall be conducted, and a sufficient account of the reasons for, and the direct and indirect economic and other consequences of, such disposal shall be given, subsequent to which the relevant information shall be submitted to the authority or personnel entitled to approve the disposal of such external investment for review and approval. The authority for approving the disposal of an external investment shall be the same as that for approving the implementation of an external investment. Any act of disposing of an external investment shall comply with the relevant stipulations of the relevant national laws and regulations.

Chapter 5 Personnel Management for External Investments

Article 36

In respect of the wholly-owned subsidiaries and holding subsidiaries which are invested in and organised by the Company, the Company shall despatch chairman of the board (executive director), supervisor operational management personnel and financial management personnel to such subsidiaries for full performance of the various management systems.

Article 37

In respect of the collaborative companies and joint ventures invested in and organised externally by the Company, it shall, in accordance with the collaboration agreements, despatch director, supervisor, operational management personnel and financial personnel to such collaborative companies and joint ventures, which shall perform the statutory election and engagement procedures. The personnel so despatched shall perform their duties in accordance with the laws to proactively safeguard the interests of the Company and such collaborative companies and joint ventures.

Article 38

The personnel despatched shall perform their duties in a practical manner in accordance with the requirements of the Company Law and the articles of association of the invested company, and shall safeguard the interests of the Company during the operating and management activities of the newly established company, so as to realise the value of the Company's investments.

Chapter 6 Financial Management and Audit for External Investments

Article 39

The Company's finance department shall be responsible for the financial management in respect of external investments. Based on management needs, such finance department shall obtain financial reports of the invested entity to perform analyses on its financial status and investment returns, so as to safeguard the interests of the Company and ensure that its benefits are not undermined.

Article 40

The Company shall perform a comprehensive inspection on its short-term investments at the end of the respective periods. Where necessary, the Company shall, based on the principle of prudence, arrive at reasonable estimates of the losses which are likely to be incurred on its various short-term investments and make impairment allowances as stipulated in the accounting system.

Article 41

The accounting policies and changes adopted in the accounting audit and financial management processes of the Company's wholly-owned subsidiaries and holding subsidiaries shall comply with the Company's financial and accounting system and the stipulations pertaining thereto.

Article 42

The Company's wholly-owned subsidiaries and holding subsidiaries shall submit their financial and accounting statements to the Company's finance department on a regular basis, and shall submit accounting statements and provide accounting information in a timely manner in accordance with the Company's requirements regarding the preparation of consolidated statements and accounting information for external disclosure.

Article 43

The Company shall perform periodic or specific audit practice on its wholly-owned subsidiaries and holding subsidiaries.

Chapter 7 Supplementary Provisions

Article 44

This system shall apply to the Company and its wholly-owned subsidiaries and holding subsidiaries.

Article 45

This system shall become effective upon being passed by the board of directors. The provisions in these measures applicable to listed companies within China shall take effect upon the listing of the Company on a stock exchange within China. Upon these rules taking effect, the original external investment management system of the Company shall be replaced by this system.

Article 46

In case any matters are not covered in this system, or any provisions in this system will conflict with the laws or regulations promulgated by the state in future or the Articles of Association as amended by way of legal procedures, the provisions of such relevant national laws and regulations and such Articles of Association shall prevail.

Article 47

This system shall be construed by the board of directors of the Company.

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Chapter 1 General Provisions

Article 1

These rules are formulated in accordance with the Company Law, the Security Law, the Code of Corporate Governance for Listed Companies in China and the Articles of Association of Guangzhou R&F Properties Co., Ltd. (hereinafter referred to as the “Articles of Association”) to standardize the discussion methods and voting procedures of the Supervisory Committee, procure the effective performance of supervisory duties of Supervisors and the Supervisory Committee as well as to improve the corporate governance structure.

Chapter 2 Supervisors

Article 2

The Supervisory Committee comprises Supervisors elected by shareholders and Supervisors who are employee representatives, of whom the proportion of employee representatives shall not be under one-third.

Article 3

Elected Supervisors are subject to a term of office of three years. Supervisors elected by shareholders shall be elected or replaced at the general meeting while Supervisors who are employee representatives shall be elected or replaced by the Company’s employees. Supervisors may stand for re-election upon expiry of their term.

Article 4

A person shall not serve as a Supervisor of the Company if one of the following condition exists:

- (1) Lacking capacity in taking civil action or such capacity being restricted;
- (2) Being convicted of committing corruption, bribery, misappropriation or embezzlement of properties or violating social and economic order, and not more than five years have elapsed since the expiration of the enforcement of the punishment; or being deprived of political rights due to conviction and not more than five years have elapsed since the expiration of the enforcement period;
- (3) Being a director or factory manager, manager of a company or enterprise being liquidated as a result of improper operation and management of which he shall be personally liable for such liquidation and not more than three years have elapsed since the date of completion of the liquidation of such company or enterprise;

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

- (4) Being the legal representative of a company or enterprise of which the business license has been cancelled as a result of the contravention of the laws and in which he shall be personally liable and not more than three years have elapsed since the date of cancellation of the business license of such company or enterprise;
- (5) Having relatively large amount of personal indebtedness which has become due but has not yet been settled;
- (6) Being under investigation by judicial authorities in respect of contravention of criminal laws, and such investigation has not yet been finalized;
- (7) Being prohibited by laws or administrative regulations to serve as a director, a supervisor, the chief executive officer and other senior management of an enterprise;
- (8) Not being a natural person;
- (9) Forbidden by the CSRC to enter the securities market as a penalty and which the penalty is still in effect;
- (10) Being prohibited by laws, administrative regulations or departmental rules or the Articles of Association to serve as a supervisor.

Supervisors elections which violate this provision shall be invalid. Supervisors to whom any of the above conditions arises during his/her tenure shall be dismissed.

Directors, the chief executive officer and other senior management shall not be appointed as Supervisors concurrently.

Article 5

If the term of office of a Supervisor expires but reelection is not made in a timely manner or if any Supervisor resigns during his or her term of office so that the membership of the Supervisory Committee falls short of the quorum, the said supervisor shall continue fulfilling the duties as supervisor pursuant to relevant laws, administrative regulations, the Articles of Association or these rules until a new supervisor is elected.

Article 6

Supervisors shall attend meetings of Supervisory Committee and exercise their voting rights in accordance with the Company Law, the Articles of Association and these rules.

Article 7

Supervisors shall perform the following duties:

- (1) To comply with the provisions of the national laws, administrative regulations and the Articles of Association; conduct fiduciary and diligence duties; safeguard the interests of the Company and perform his duty of supervision;

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

- (2) To implement the resolutions of the Supervisory Committee, protect the interests of the shareholders of the Company, the Company and the staff;
- (3) To keep confidential the secrets of the Company and never leak out any of such secrets unless required by the law or with the prior consent of the general meeting;
- (4) Not to make use of the position of Supervisor to seek irregular benefit for themselves or receive bribes or other illegal income, or embezzle properties of the Company;
- (5) To bear the liability to compensate for any loss to the Company due to their breach of laws, administrative regulations or the Articles of Association in course of their performance of duties.

Chapter 3 Composition and Duties and Powers of the Supervisory Committee**Article 8**

The Company has established the Supervisory Committee in accordance with the law. The Supervisory Committee comprises three Supervisors as provided by the Articles of Association.

Two of the Supervisors shall be elected or replaced at the general meeting and one shall be elected or replaced by the Company's employees.

Article 9

A chairman of the Supervisory Committee is appointed. The appointment of the chairman of the Supervisory Committee is elected by at least half of all Supervisors.

A meeting of the Supervisory Committee is to be convened and presided over by the chairman of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is incapable of performing or fails to perform his or her duties, a Supervisor jointly recommended by half or above of the Supervisors is to be appointed to convene and preside over the meeting.

Article 10

The Supervisory Committee shall exercise the following duties and powers in accordance with the Company Law, the Articles of Associations and relevant regulations:

- (1) To review corporate reports prepared by the Board of Directors (hereinafter referred to as the "Board") on a regular basis and provide written opinions of the review;
- (2) To inspect financials of the Company;

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

- (3) To supervise the conducts of the Directors, the chief executive officer and other senior management during performance of their duties and to make recommendations for removal for any violation of the laws, administrative regulations, the Articles of Association or resolutions passed at the general meetings;
- (4) To request the Directors, the chief executive officer and other senior management to rectify any act that is harmful to the interest of the Company;
- (5) To propose the convening of an extraordinary general meeting, and to convene and preside over a general meeting if the Board is unable to fulfill its duties in convening and presiding over general meeting in accordance with the Company Law or the Articles of Association;
- (6) To make proposals to the general meeting;
- (7) To bring actions against the Directors and other senior management of the Company in accordance with the Company Law;
- (8) To investigate where any operation of the Company is found to be abnormal and to engage accounting firms, law firms and other professional institutions to assist its work when necessary;
- (9) Other duties and powers as designated by relevant laws, administrative regulations, departmental rules, the Articles of Association or the general meeting.

The necessary costs for exercising the duties and powers by the Supervisory Committee are to be borne by the Company.

The Supervisory Committee may propose to convene an extraordinary meeting of the Board and to raise questions or suggestions on Board resolutions.

Chapter 4 Duties and Powers of Chairman of the Supervisory Committee

Article 11

The chairman of the Supervisory Committee shall exercise the following duties and powers:

- (1) To convene and preside over meetings of the Supervisory Committee, and to review the implementation of the resolutions of the Supervisory Committee;
- (2) To represent the Supervisory Committee in reporting to the general meetings;
- (3) To represent the Company for any proceedings with the Directors, the chief executive officer or other senior management in case of any litigation between the Directors, the chief executive officer or senior management and the Company.

Chapter 5 The Organization of the Supervisory Committee

Article 12

The Office of the Supervisory Committee is established by the Supervisory Committee to attend to the daily affairs of the Supervisory Committee.

The chairman of the Supervisory Committee acts as the head of the Office of Supervisory Committee and maintains its seal. The chairman of the Supervisory Committee may require the Securities Representative or other personnel of the Company to assist him/her in dealing with the daily business of the Supervisory Committee.

The Supervisory Committee may appoint a person through the Office of the Supervisory Committee to take minutes for its meeting, and may appoint a personnel to take minutes for the occasion pursuant to needs.

Chapter 6 Meeting Provisions and Work Procedures of the Supervisory Committee

Article 13

Meetings of the Supervisory Committee include regular meeting and extraordinary meeting. Regular meeting shall be convened at once every six months. An extraordinary meeting of the Supervisory Committee is to be convened within ten days after the occurrence of any of the followings:

- (1) Any Supervisor proposing to convene such meeting;
- (2) Resolutions violating the laws, regulations, rules, requirements and orders of regulatory authorities, the Articles of Association, resolutions of the general meeting and other relevant resolutions being approved by the Company's general meeting and the Board meeting;
- (3) The Directors and senior management committing misconduct that might cause serious harm to the Company;
- (4) An action being brought against the Company, the Directors, Supervisors or senior management;
- (5) The Company, the Directors, Supervisors or senior management being subject to punishment by the securities regulatory authorities or public censure by the Shenzhen Stock Exchange;
- (6) A request by the securities regulatory authorities to convene the meeting;
- (7) Other situations as provided in the Articles of Association.

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

Article 14

Before giving the notice to convene a regular meeting of the Supervisory Committee, the administrative body of the Supervisory Committee is to collect meeting proposals from all Supervisors and spend at least two days seeking for opinions from the employees of the Company. When collecting the proposals or seeking for opinions, the administrative body of the Supervisory Committee is to state that the Supervisory Committee's main responsibility is to supervise the standard operation of the Company and the official conducts of the Directors and senior management rather than the operating management decisions of the Company.

When a Supervisor proposes to convene an extraordinary meeting of the Supervisory Committee, he or she shall submit a written proposal signed by himself or herself through the Office of the Supervisory Committee or directly submit to the chairman of the Supervision Committee. The written proposal shall detail the following items:

- (1) Name of the Supervisor submitting the proposal;
- (2) The reason for submitting the proposal or the objective basis on which the proposal is submitted;
- (3) The proposed time, venue, and method of convening the meeting;
- (4) Clear and specific motion;
- (5) The contact method of the supervisor submitting the proposal, the date of the proposal, etc.

Within three days of the Office of the Supervisory Committee or the chairman of the Supervisory Committee receiving the written proposal from the supervisor, the Office of the Supervisory Committee shall send notice of the convening of the extraordinary meeting of the Supervisory Committee. When the Office of the Supervisory Committee fails to send the notice of the meeting, the Supervisor submitting the proposal shall report to the governing department in a timely manner.

Article 15

When convening regular meetings and extraordinary meetings of the Supervisory Committee, the Office of the Supervisory Committee shall submit written notice of the meeting to all the supervisors through personal delivery, fax, electronic mails, mails, or other methods before ten days and three days of the regular meeting and extraordinary meeting respectively. Where the delivery is not made in personal, the Office of the Supervisory Committee shall confirm receipt of the delivery through telephone and maintain relevant records.

When the situation is urgent and an extraordinary meeting of the Supervisory Committee has to be convened as soon as possible, notice of the meeting may be sent at any time through methods such as verbally or telephone. However, the convener of the meeting shall provide an explanation at the meeting.

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

Article 16

The written notice of the meeting of the Supervisory Committee shall include the following contents:

- (1) The time and venue of the meeting;
- (2) Agenda (the motions of the meeting);
- (3) The convener of the meeting, the chairman of the meeting, the proposer of the extraordinary meeting and his/her written proposal;
- (4) Meeting materials required for voting by the Supervisors;
- (5) Contact person and contact method.

Verbal notice of the meeting shall include at least item (1) and (2) of the foregoing, as well as an explanation of the urgent situation that calls for the convening of an extraordinary meeting of the Supervisory Committee as soon as possible.

Article 17

Meetings of the Supervisory Committee shall be held on-site.

Article 18

In an emergency, if a meeting of the Supervisory Committee shall be held as soon as possible, the Supervisory Committee may form resolutions through transferring and signing on the resolutions of the Supervisory Committee. Implementing rules are as follows: When meetings of the Supervisory Committee are held through transferring and signing on written resolutions, draft resolution and related proposals, descriptive documents and other relevant documents shall be sent in personal, mail, or fax to every Supervisor in sequence. If the number of Supervisors who signed on the draft resolution of the Supervisory Committee has reached the quorum for working out resolutions, and the draft resolution is delivered in the manner above in this article to the chairman of the Supervisory Committee or other supervisors responsible for convening meetings of the Supervisory Committee, the draft resolution will become the resolution of the Supervisory Committee, thus it is unnecessary to convene a meeting of the Supervisory Committee again. After working out the resolutions through voting by transferring and signing on written resolutions, the chairman of the Supervisory Committee or other Supervisors responsible for convening meetings of the Supervisory Committee shall inform all Supervisors of the resolutions in written form in time. The chairman of the Supervisory Committee, other Supervisors convening the meetings of the Supervisory Committee or Secretary to the Board and other designated personnel shall, in accordance with the resolutions signed by Supervisors, keep meeting minutes which shall first be signed by the chairman of the Supervisory Committee or other Supervisors convening the meetings of the Supervisory Committee for confirmation, and then be sent to be signed by each Supervisor.

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

Article 19

The meetings of the Supervisory Committee shall be held in accordance with the agenda listed in the written notification of convening a meeting. Issues not included in the agenda may be listed in the agenda after being agreed by more than half of the attending Supervisors.

Article 20

The Supervisors shall attend meetings of the Supervisory Committee in person. If a Supervisor cannot attend the meeting for any reason, he or she may authorize, via power of attorney, another Supervisor to attend and vote at the meeting on his or her behalf.

The power of attorney of a Supervisor who entrusts another Supervisor to attend a meeting shall specify the name of the proxy, matters entrusted to the proxy, scope of authorities and effective period, and shall be signed by the principal. The Supervisor entrusted shall perform his or her right of supervision within the scope of authorities. The Supervisor who neither attends nor authorizes another supervisor to attend a meeting of the Supervisory Committee on his/her behalf shall be deemed as having waived his or her voting rights at the meeting.

Article 21

A meeting of the Supervisory Committee may not be conducted unless it is attended by more than half of all Supervisors. Where the minimum requirement of the attendee fails to be met due to refusal or failure to attend the meeting on part of some relevant Supervisors, the remaining Supervisors shall report it to the regulatory authorities without delay.

Secretary to the Board and securities affairs representative of the Company are to attend the meetings of the Supervisory Committee. The Directors, the chief executive officer and other senior management as well as internal and external auditing personnel may be invited to attend the meetings of the Supervisory Committee to attend to questions concerned.

Article 22

The presider of the meeting shall ask the attending Supervisors separately to provide definite opinions on respective proposals.

Article 23

At the meeting of the Supervisory Committee, if some significant issues in question are still not clear, the chairman of the Supervisory Committee may postpone the vote after soliciting the views of the Supervisors present. After further investigation and verification, the issues will be submitted to the next meeting to be voted. The issues that are subject to a vote and have been postponed shall be explained in the resolutions of the Supervisory Committee.

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

Article 24

Voting on resolutions at the meetings of the Supervisory Committee can be made by way of open poll or a show of hands. Each Supervisor shall have one vote. The voting intentions of the Supervisors shall be classified as agreement, disagreement and abstention. The participating Supervisors shall choose one of the above intentions; failing to make choice or choosing two or more intentions simultaneously, the relevant Supervisor(s) shall be required by the chairman of the meeting to make choice again; and the relevant Supervisor(s) who refuse(s) to make choice shall be regarded as an abstainer. A Supervisor who leaves the meeting place halfway without making a choice, he or she shall be regarded as abstaining from voting.

Resolutions of the Supervisory Committee shall be passed by more than two-thirds (inclusive) of the members of the Supervisory Committee.

Article 25

The minutes of a meeting of the Supervisory Committee includes the following contents:

- (1) Date, venue and name of the convener of the meeting;
- (2) Name of the attending Supervisors;
- (3) Meeting agenda;
- (4) Summary of the speech of the Supervisors;
- (5) The voting method and result of every matter to be resolved.

The minutes of the meetings of the Supervisory Committee that are convened through communication or transferring and signing shall be compiled in accordance with the above requirements.

Article 26

A meeting of the Supervisory Committee shall have resolutions of the meeting. All Supervisors who attend the meeting are to sign the resolutions of the meeting. Resolutions of the meeting of the Supervisory Committee are to be kept by Secretary to the Board as the Company's archives.

Article 27

A meeting of the Supervisory Committee shall have minutes which are to be signed at the conclusion of the meeting by all attending Supervisors and the secretary recording the minutes. The Supervisors have the right to demand explanation of comments made by other Supervisors at the meeting and are to be recorded in the minutes.

APPENDIX 13 SUPERVISORY COMMITTEE MEETING RULES (DRAFT)

Article 28

Archives of the meeting of the Supervisory Committee include the notice of the meeting and meeting materials, voting ballots, minutes, meeting summary and resolutions signed by attending Supervisors, etc., which are to be kept by Secretary to the Board. Secretary to the Board may entrust the Office of the Supervisory Committee to maintain the above materials. Archives of the meeting of the Supervisory Committee shall be kept for a period of ten years.

Article 29

Supervisors are to assume responsibilities of the resolutions of the Supervisory Committee. Supervisors, who participate in resolutions that cause serious loss to the Company due to violation of laws, administrative regulations or the Articles of Association, are liable to reimburse the Company. However, if it can be proven that a Supervisor expressly objected to such resolutions during voting, and that such objection is recorded in the minutes of the meeting, such Supervisor may be released from such liability.

Chapter 7 Implementation of the Resolutions of the Supervisory Committee

Article 30

The Supervisors shall urge the staff to implement the resolutions of the Supervisory Committee and notify the implementation of resolutions that have been formed at the following meetings of the Supervisory Committee.

Article 31

The resolutions of the Supervisory Committee shall be circulated to the Board or senior management in accordance with the contents thereof.

Article 32

Matters required to be handled in resolutions of the Supervisory Committee shall be proposed by the Supervisory Committee to the general meeting for implementation in accordance with relevant provisions.

Article 33

The chairman of the Supervisory Committee may organize Supervisors to review the implementation of the resolutions of the Supervisory Committee, and may issue evaluation opinions.

Chapter 8 Supplementary Provisions

Article 34

These rules shall become effective after being approved by way of ordinary resolution at the general meeting. The rules relevant to companies with listed A shares are to be implemented after the Company's A shares are listed. After these rules take effect, existing meeting rules of the Company's Supervisory Committee shall be superseded by these rules.

Article 35

For matters not covered under these rules, or in case of any inconsistency between these rules and the laws, regulations, the Listing Rules of the listing place or the Articles of Association promulgated after these rules come into effect, the relevant laws, regulations, the Listing Rules of the listing place and the Articles of Association shall prevail.

Article 36

The amendments of these rules shall be considered and approved by the general meeting.

Article 37

These rules shall be interpreted by the Supervisory Committee.



廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2777)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Guangzhou R&F Properties Co., Ltd. (the “Company”) for 2015 will be held at 11:00 a.m. on Wednesday, 12 August 2015 at the Conference Room, 54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou, the PRC, to consider and if thought fit, to pass the following resolutions:

SPECIAL RESOLUTIONS

1. “To consider and approve the application in China for the Proposed A Share Issue:

- | | | |
|--------------------------------|---|---|
| (1) Class of shares | : | Renminbi ordinary shares (A shares); |
| (2) Place of listing | : | Shanghai Stock Exchange or Shenzhen Stock Exchange; |
| (3) Issuer | : | The Company; |
| (4) No. of shares to be issued | : | Shall not exceed 1.08 billion shares in aggregate through public offering of new shares by the Company. |

The final number of A shares to be issued and the structure of the A shares offering shall be determined by the Board based on the authority granted by the shareholders’ in general meeting and subject to the authorization of the CSRC or the other relevant regulatory authorities of China;

- | | | |
|--|---|---------------|
| (5) Nominal value of the shares to be issued | : | RMB0.25 each; |
|--|---|---------------|

APPENDIX 14 NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) Target subscriber : Qualified participants in the price consultation process and domestic natural or legal persons investors in China who have opened accounts with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (except those prohibited from subscribing by PRC laws or administrative regulations or other regulatory requirements which the Company complies);
- (7) Issue price : Based on market situation and the actual situation of the Company, the Board of Directors, as authorized by the Company's general meeting, together with the lead underwriter(s), will adopt the pricing methods specified in accordance with the Measures on the Administration of Securities Offering and Underwriting 《證券發行與承銷管理辦法》 Decree No. 98 issued by the CSRC; or other methods specified by relevant authorities of the PRC;
- (8) Method of issue : By a combination of conducting offline placing market inquiry to the participants in the price consultation process and online subscription pricing method, or other methods approved by the CSRC or the other relevant regulatory authorities of China (the Board shall decide based on the regulatory requirements of the relevant regulatory authorities of China and other market factors);
- (9) Underwriting method : Standby underwriting method;
- (10) Use of proceeds : The Company plans to use the proceeds for the following project having aggregate funding requirement of RMB35 billion; the exact proceeds from the issue of A shares is yet to be determined but not expected to exceed RMB35 billion.
- Beijing R&F New Town, estimated proceeds used – approximately RMB13 billion;
- Tianjin R&F New Town, estimated proceeds used – approximately RMB6 billion;
- Shanghai Hongqiao project, estimated proceeds used – approximately RMB4.5 billion;
- Meizhou R&F City, estimated proceeds used – approximately RMB3 billion;

APPENDIX 14 NOTICE OF EXTRAORDINARY GENERAL MEETING

Harbin R&F City, estimated proceeds used – approximately RMB2.5 billion;

Beijing R&F Tongzhou Yunhe No. 10, estimated proceeds used – approximately RMB2 billion;

Nanjing R&F Shangyue Court, estimated proceeds used – approximately RMB2 billion;

Wuxi R&F No. 10, estimated proceeds used – approximately RMB1 billion;

Foshan R&F Plaza, estimated proceeds used – approximately RMB1 billion.

Prior to completion of the issue of A shares, the Company may use its own funds to pay for the amounts required by the above projects according to actual needs; it may substitute such funds with the issue proceeds when received.

If the proceeds of this issue of A shares are not sufficient to provide funding for the above projects, the Company will cover the shortfall with internal resources and funds from other sources;

- (11) Plan on the allocation of accumulated profits prior to the issue : After the A issue is completed, all the new and old shareholders of the Company shall be entitled to the allocation of the accumulated profits of the Company prior to the issue date according to their equity interest ratios after this issue; and
- (12) Effective period of the resolution approving the Proposed A Share issue : Within 12 months from the date on which it is approved by the extraordinary general meeting or class meetings of the shareholders (whichever is later).”

2. “To consider and approve the general authority to the Board to deal with matters related to the Proposed A Share Issue.

In order to facilitate the Proposed A Share Issue and listing, it is proposed that authority be granted by the Shareholders in general meeting to the Board which includes but not limited to the followings:

- i) In accordance with the relevant requirements of the relevant laws and regulations and the relevant securities regulations, the approval of the CSRC and other relevant regulatory authorities of China, the current conditions of the China securities market and the proposal in relation to the issue and listing of A shares approved by the Shareholders in general meeting, be authorized for determining

APPENDIX 14 NOTICE OF EXTRAORDINARY GENERAL MEETING

the detailed plan of the issue and listing of A shares, which include but not limited to, the issue time, number of A shares to be issued, issue price and price determination method, issue structure, target subscribers of A shares, issue methods, nominal value of the issue, stock exchange for listing, over-allotment, strategic placing, ratios of online and offline subscription, specific subscription methods and relevant matters;

- ii) To handle the reporting and application matters regarding the issue and listing of A shares, which include but not limited to, the handling of the approval, registration, filing, approval, consent, registration and other formalities with the relevant government authorities, regulatory authorities and the related stock exchange, securities registration and clearing organization regarding the issue and listing of A shares; approving, signing, executing, amending or completing any agreements, contracts or mandatory documents (include but not limited to letter of intent of issue of shares, prospectus, sponsorship agreement, underwriting agreement, listing agreement, service agreements with the intermediaries, all types of announcements and notices to Shareholders of the Company etc.) related to the issue and listing of A shares;
- iii) To make adjustments and changes of the matters involved in the issue and listing of A shares based on the implementation situations, market conditions, policy adjustments and the opinion of the government and regulatory authorities involved in the issue and listing of A shares; if there are changes in the policy related to the initial public offering of A shares, then to adjust and continue to handle the matters of the issue and listing of A shares according to the new policy;
- iv) To make the necessary or appropriate amendments to the articles of association, rules of procedures and internal rules which are necessitate by the issue and listing of A shares, and handle the matters related to the approval by the government regulatory authorities, industry and commerce changes registration and the related filing and registration;
- v) To make necessary or appropriate amendments to the articles of association, rules of procedures and internal rules if they are inconsistent with the regulatory rules or documents issued by the CSRC and/or the relevant stock exchange, or in accordance with the opinion of the CSRC and/or the relevant stock exchange;

APPENDIX 14 NOTICE OF EXTRAORDINARY GENERAL MEETING

- vi) To handle all the matters regarding the use of the proceeds from the issue of A shares, which include but not limited to, designate bank account for deposit of proceeds, making adjustments and changes of related matters according to the actual situations or the opinion of the relevant government departments during the process of using the proceeds in the projects, making adjustments to the investment projects covered by the use of proceeds within the scope of requirements of the laws and regulations and the resolution of the Shareholders in general meeting according to the requests of the relevant regulatory departments and the actual situations of the market; to handle relevant work involved in investing the proceeds in projects, sign material contracts and other relevant legal documents in connection with the use of proceeds in investment projects;
 - vii) To engage relevant intermediaries and determine their fees and other A share issuing expenses;
 - viii) To handle all matters and taking the necessary expedient or applicable actions connected with the issue and listing of A shares within the scope permitted by the relevant laws and regulations;
 - ix) To decide the stock exchange in which the A shares are to be listed according to the requirements of the relevant regulatory departments of China and other factors, and to handle all matters of the listing of A shares in that stock exchange;
 - x) The above authorization shall be valid for 12 months from the day on which it is approved by the shareholders in general meeting.”
- 3. “To consider and approve Share Price Stabilization Measure for A Share after Completion of the Proposed A Share Issue, Appendix 1 to this circular.”
 - 4. “To consider and approve the Letter of Undertaking Relating to Repurchase of New A Share and Reparation, Appendix 2 to this circular.”
 - 5. “To consider and approve adoption of the New Articles (Draft), Appendix 3 to this circular.”

AS ORDINARY RESOLUTION

- 6. “To consider and approve Three-year Shareholders’ Profit Distribution Plan Commencing after the Listing of A Share, Appendix 4 to this circular.”
- 7. “To consider and approve the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the domestic auditors of the Company for 2015 and the reporting accountant for listing-related report”
- 8. “To consider and approve the Letter of Undertaking in Respect of the Performance of Various Undertakings by the Company, Appendix 5 to this circular.”

APPENDIX 14 NOTICE OF EXTRAORDINARY GENERAL MEETING

9. “To consider and approve the Rules of Procedures for Shareholders’ General Meeting (Draft), Appendix 6 to this circular.”
10. “To consider and approve the Rules of Procedures for Board Meeting (Draft), Appendix 7 to this circular.”
11. “To consider and approve the Rules for Independent Director (Draft), Appendix 8 to this circular.”
12. “To consider and approve the Special Deposit Account and Management Method for Using Proceeds of Financing (Draft), Appendix 9 to this circular.”
13. “To consider and approve the Administrative Rules for Connected Party Transaction (Draft), Appendix 10 to this circular.”
14. “To consider and approve the Rules for External Guarantee (Draft), Appendix 11 to this circular.”
15. “To consider and approve the Administrative Rules for External Investment (Draft), Appendix 12 to this circular.”
16. “To consider and approve the Supervisory Committee Meeting Rules (Draft), Appendix 13 to this circular.”

By order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 26 June 2015

Notes:

1. The holders of the Company’s H Shares are reminded that pursuant to the Articles of Association of the Company and for determining the right of shareholders to attend and vote at the EGM, the register of the shareholders of the Company shall be closed from 13 July 2015 to 12 August 2015 (both days inclusive), during which period, no transfer of shares will be registered. Shareholders, who intend to attend the EGM, must deliver their instruments of transfer together with the relevant share certificates to the Company’s H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 10 July 2015.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy needs not be a shareholder of the Company. Where a shareholder of the Company appoints more than one proxy, his proxies can only vote in a poll.
3. To be valid, the proxy form is to be used by shareholder of the Company (both Domestic Share and H Share) wishing to appoint a proxy and, if such proxy form is signed by a person authorized by a shareholder pursuant to a power of attorney or other instruments, a notarized copy of that power of attorney or other instrument must be delivered together with the proxy form to the Company or the Company’s H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time designated for the commencement of the EGM.

APPENDIX 14 NOTICE OF EXTRAORDINARY GENERAL MEETING

4. Shareholders who intend to attend the EGM, are required to return the notice of attendance to the Company no later than 4:30 p.m. on 23 July 2015 (20 days before the date of meeting).
5. A shareholder or his/her/its proxy shall produce proof of identity when attending the EGM. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or governing body of such shareholder.
6. In accordance with the Company's Articles of Association, where there are joint registered shareholders, only the first named shareholder in the register of shareholders has the right to receive this notice, attend the EGM and exercises the voting right in relation to the relevant shares.
7. The EGM is expected to last for about half a day. Shareholders of the Company or their proxies attending the EGM shall be responsible for their own transportation, food and lodging.

As at the date of this announcement, the executive directors of the Company are Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Lai Ming Joseph, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel.

** For identification purpose only*



廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2777)

Notice of Class Meeting for Holders of H Shares

NOTICE IS HEREBY GIVEN that the class meeting for holders of H Shares (the “H Shares Class Meeting”) of Guangzhou R&F Properties Co., Ltd. (the “Company”) for 2015 will be held at 11:30 a.m. on Wednesday, 12 August 2015 at the Conference Room, 54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou, the PRC, to consider and if thought fit, to pass the following resolutions:

SPECIAL RESOLUTIONS

1. “To consider and approve the application in China for the Proposed A Share Issue:

- | | | |
|--------------------------------|---|---|
| (1) Class of shares | : | Renminbi ordinary shares (A shares); |
| (2) Place of listing | : | Shanghai Stock Exchange or Shenzhen Stock Exchange; |
| (3) Issuer | : | The Company; |
| (4) No. of shares to be issued | : | Shall not exceed 1.08 billion shares in aggregate through public offering of new shares by the Company. |

The final number of A shares to be issued and the structure of the A shares offering shall be determined by the Board based on the authority granted by the shareholders’ in general meeting and subject to the authorization of the CSRC or the other relevant regulatory authorities of China;

- | | | |
|--|---|---------------|
| (5) Nominal value of the shares to be issued | : | RMB0.25 each; |
|--|---|---------------|

- (6) Target subscriber : Qualified participants in the price consultation process and domestic natural or legal persons investors in China who have opened accounts with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (except those prohibited from subscribing by PRC laws or administrative regulations or other regulatory requirements which the Company complies);
- (7) Issue price : Based on market situation and the actual situation of the Company, the Board of Directors, as authorized by the Company's general meeting, together with the lead underwriter(s), will adopt the pricing methods specified in accordance with the Measures on the Administration of Securities Offering and Underwriting 《證券發行與承銷管理辦法》 Decree No. 98 issued by the CSRC; or other methods specified by relevant authorities of the PRC;
- (8) Method of issue : By a combination of conducting offline placing market inquiry to the participants in the price consultation process and online subscription pricing method, or other methods approved by the CSRC or the other relevant regulatory authorities of China (the Board shall decide based on the regulatory requirements of the relevant regulatory authorities of China and other market factors);
- (9) Underwriting method : Standby underwriting method;
- (10) Use of proceeds : The Company plans to use the proceeds for the following project having aggregate funding requirement of RMB35 billion; the exact proceeds from the issue of A shares is yet to be determined but not expected to exceed RMB35 billion.
- Beijing R&F New Town, estimated proceeds used – approximately RMB13 billion;
- Tianjin R&F New Town, estimated proceeds used – approximately RMB6 billion;
- Shanghai Hongqiao project, estimated proceeds used – approximately RMB4.5 billion;
- Meizhou R&F City, estimated proceeds used – approximately RMB3 billion;

Harbin R&F City, estimated proceeds used – approximately RMB2.5 billion;

Beijing R&F Tongzhou Yunhe No. 10, estimated proceeds used – approximately RMB2 billion;

Nanjing R&F Shangyue Court, estimated proceeds used – approximately RMB2 billion;

Wuxi R&F No. 10, estimated proceeds used – approximately RMB1 billion;

Foshan R&F Plaza, estimated proceeds used – approximately RMB1 billion.

Prior to completion of the issue of A shares, the Company may use its own funds to pay for the amounts required by the above projects according to actual needs; it may substitute such funds with the issue proceeds when received.

If the proceeds of this issue of A shares are not sufficient to provide funding for the above projects, the Company will cover the shortfall with internal resources and funds from other sources;

- (11) Plan on the allocation of accumulated profits prior to the issue : After the A Share issue is completed, all the new and old shareholders of the Company shall be entitled to the allocation of the accumulated profits of the Company prior to the issue date according to their equity interest ratios after this issue; and
- (12) Effective period of the resolution approving the Proposed A Share issue : Within 12 months from the date on which it is approved by the extraordinary general meeting or class meetings of the shareholders (whichever is later).”

2. “To consider and approve the general authority to the Board to deal with matters related to the Proposed A Share Issue.

In order to facilitate the Proposed A Share Issue and listing, it is proposed that authority be granted by the Shareholders in general meeting to the Board which includes but not limited to the followings:

- i) In accordance with the relevant requirements of the relevant laws and regulations and the relevant securities regulations, the approval of the CSRC and other relevant regulatory authorities of China, the current conditions of the China securities market and the proposal in relation to the issue and listing of A shares approved by the Shareholders in general meeting, be authorized for determining the detailed plan of the issue and listing of A shares, which include but not limited to, the issue time, number of A shares to be issued, issue price and price determination method, issue structure, target subscribers of A shares, issue methods, nominal value of the issue, stock exchange for listing, over-allotment, strategic placing, ratios of online and offline subscription, specific subscription methods and relevant matters;
- ii) To handle the reporting and application matters regarding the issue and listing of A shares, which include but not limited to, the handling of the approval, registration, filing, approval, consent, registration and other formalities with the relevant government authorities, regulatory authorities and the related stock exchange, securities registration and clearing organization regarding the issue and listing of A shares; approving, signing, executing, amending or completing any agreements, contracts or mandatory documents (include but not limited to letter of intent of issue of shares, prospectus, sponsorship agreement, underwriting agreement, listing agreement, service agreements with the intermediaries, all types of announcements and notices to Shareholders of the Company etc.) related to the issue and listing of A shares;
- iii) To make adjustments and changes of the matters involved in the issue and listing of A shares based on the implementation situations, market conditions, policy adjustments and the opinion of the government and regulatory authorities involved in the issue and listing of A shares; if there are changes in the policy related to the initial public offering of A shares, then to adjust and continue to handle the matters of the issue and listing of A shares according to the new policy;
- iv) To make the necessary or appropriate amendments to the articles of association, rules of procedures and internal rules which are necessitate by the issue and listing of A shares, and handle the matters related to the approval by the government regulatory authorities, industry and commerce changes registration and the related filing and registration;

- v) To make necessary or appropriate amendments to the articles of association, rules of procedures and internal rules if they are inconsistent with the regulatory rules or documents issued by the CSRC and/or the relevant stock exchange, or in accordance with the opinion of the CSRC and/or the relevant stock exchange;
 - vi) To handle all the matters regarding the use of the proceeds from the issue of A shares, which include but not limited to, designate bank account for deposit of proceeds, making adjustments and changes of related matters according to the actual situations or the opinion of the relevant government departments during the process of using the proceeds in the projects, making adjustments to the investment projects covered by the use of proceeds within the scope of requirements of the laws and regulations and the resolution of the Shareholders in general meeting according to the requests of the relevant regulatory departments and the actual situations of the market; to handle relevant work involved in investing the proceeds in projects, sign material contracts and other relevant legal documents in connection with the use of proceeds in investment projects;
 - vii) To engage relevant intermediaries and determine their fees and other A share issuing expenses;
 - viii) To handle all matters and taking the necessary expedient or applicable actions connected with the issue and listing of A shares within the scope permitted by the relevant laws and regulations;
 - ix) To decide the stock exchange in which the A shares are to be listed according to the requirements of the relevant regulatory departments of China and other factors, and to handle all matters of the listing of A shares in that stock exchange;
 - x) The above authorization shall be valid for 12 months from the day on which it is approved by the shareholders in general meeting.”
3. “To consider and approve Implementation of the Share Price Stabilization Measure for A Share after Completion of the Proposed A Share Issue, Appendix 1 to this circular.”
4. “To consider and approve the Letter of Undertaking Relating to Repurchase of New A Share and Reparation, Appendix 2 to this circular.”

By order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 26 June 2015

Notes:

1. The holders of the Company's H Shares are reminded that pursuant to the Articles of Association of the Company and for determining the right of shareholders to attend and vote at the H Shares Class Meeting, the register of the shareholders of the Company shall be closed from 13 July 2015 to 12 August 2015 (both days inclusive), during which period, no transfer of shares will be registered. Shareholders, who intend to attend the H Shares Class Meeting, must deliver their instruments of transfer together with the relevant share certificates to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 10 July 2015.
2. Any shareholder of the Company entitled to attend and vote at the H Shares Class Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy needs not be a shareholder of the Company. Where a shareholder of the Company appoints more than one proxy, his proxies can only vote in a poll.
3. To be valid, the proxy form is to be used by H Shares shareholder of the Company wishing to appoint a proxy and, if such proxy form is signed by a person authorized by a shareholder pursuant to a power of attorney or other instruments, a notarized copy of that power of attorney or other instrument must be delivered together with the proxy form to the Company or the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time designated for the commencement of the H Shares Class Meeting.
4. Shareholders who intend to attend the H Shares Class Meeting, are required to return the notice of attendance to the Company no later than 4:30 p.m. on 23 July 2015 (20 days before the date of meeting).
5. A shareholder or his/her/its proxy shall produce proof of identity when attending the H Shares Class Meeting. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or governing body of such shareholder.
6. In accordance with the Company's Articles of Association, where there are joint registered shareholders, only the first named shareholder in the register of shareholders has the right to receive this notice, attend the H Shares Class Meeting and exercises the voting right in relation to the relevant shares.
7. The H Shares Class Meeting is expected to last for about half a day. Shareholders of the Company or their proxies attending the H Shares Class Meeting shall be responsible for their own transportation, food and lodging.

As at the date of this announcement, the executive directors of the Company are Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Lai Ming Joseph, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel.

** For identification purpose only*



廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2777)

Notice of Class Meeting for Holders of Domestic Shares

NOTICE IS HEREBY GIVEN that the class meeting for holders of Domestic Shares (the “Domestic Shares Class Meeting”) of Guangzhou R&F Properties Co., Ltd. (the “Company”) for 2015 will be held at 11:45 a.m. on Wednesday, 12 August 2015 at the Conference Room, 54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou, the PRC, to consider and if thought fit, to pass the following resolutions:

SPECIAL RESOLUTIONS

1. “To consider and approve the application in China for the Proposed A Share Issue:

- | | | |
|--------------------------------|---|---|
| (1) Class of shares | : | Renminbi ordinary shares (A shares); |
| (2) Place of listing | : | Shanghai Stock Exchange or Shenzhen Stock Exchange; |
| (3) Issuer | : | The Company; |
| (4) No. of shares to be issued | : | Shall not exceed 1.08 billion shares in aggregate through public offering of new shares by the Company. |

The final number of A shares to be issued and the structure of the A shares offering shall be determined by the Board based on the authority granted by the shareholders’ in general meeting and subject to the authorization of the CSRC or the other relevant regulatory authorities of China;

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| (5) Nominal value of the shares to be issued | : | RMB0.25 each; |
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- (6) Target subscriber : Qualified participants in the price consultation process and domestic natural or legal persons investors in China who have opened accounts with the Shanghai Stock Exchange or the Shenzhen Stock Exchange (except those prohibited from subscribing by PRC laws or administrative regulations or other regulatory requirements which the Company complies);
- (7) Issue price : Based on market situation and the actual situation of the Company, the Board of Directors, as authorized by the Company's general meeting, together with the lead underwriter(s), will adopt the pricing methods specified in accordance with the Measures on the Administration of Securities Offering and Underwriting 《證券發行與承銷管理辦法》 Decree No. 98 issued by the CSRC; or other methods specified by relevant authorities of the PRC;
- (8) Method of issue : By a combination of conducting offline placing market inquiry to the participants in the price consultation process and online subscription pricing method, or other methods approved by the CSRC or the other relevant regulatory authorities of China (the Board shall decide based on the regulatory requirements of the relevant regulatory authorities of China and other market factors);
- (9) Underwriting method : Standby underwriting method;
- (10) Use of proceeds : The Company plans to use the proceeds for the following project having aggregate funding requirement of RMB35 billion; the exact proceeds from the issue of A shares is yet to be determined but not expected to exceed RMB35 billion.
- Beijing R&F New Town, estimated proceeds used – approximately RMB13 billion;
- Tianjin R&F New Town, estimated proceeds used – approximately RMB6 billion;
- Shanghai Hongqiao project, estimated proceeds used – approximately RMB4.5 billion;
- Meizhou R&F City, estimated proceeds used – approximately RMB3 billion;

Harbin R&F City, estimated proceeds used – approximately RMB2.5 billion;

Beijing R&F Tongzhou Yunhe No. 10, estimated proceeds used – approximately RMB2 billion;

Nanjing R&F Shangyue Court, estimated proceeds used – approximately RMB2 billion;

Wuxi R&F No. 10, estimated proceeds used – approximately RMB1 billion;

Foshan R&F Plaza, estimated proceeds used – approximately RMB1 billion.

Prior to completion of the issue of A shares, the Company may use its own funds to pay for the amounts required by the above projects according to actual needs; it may substitute such funds with the issue proceeds when received.

If the proceeds of this issue of A shares are not sufficient to provide funding for the above projects, the Company will cover the shortfall with internal resources and funds from other sources;

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| (11) Plan on the allocation of accumulated profits prior to the issue | : | After the A Share issue is completed, all the new and old shareholders of the Company shall be entitled to the allocation of the accumulated profits of the Company prior to the issue date according to their equity interest ratios after this issue; and |
| (12) Effective period of the resolution approving the Proposed A Share issue | : | Within 12 months from the date on which it is approved by the extraordinary general meeting or class meetings of the shareholders (whichever is later).” |

2. “To consider and approve the general authority to the Board to deal with matters related to the Proposed A Share Issue.

In order to facilitate the Proposed A Share Issue and listing, it is proposed that authority be granted by the Shareholders in general meeting to the Board which includes but not limited to the followings:

- i) In accordance with the relevant requirements of the relevant laws and regulations and the relevant securities regulations, the approval of the CSRC and other relevant regulatory authorities of China, the current conditions of the China securities market and the proposal in relation to the issue and listing of A shares

approved by the shareholders in general meeting, be authorized for determining the detailed plan of the issue and listing of A shares, which include but not limited to, the issue time, number of A shares to be issued, issue price and price determination method, issue structure, target subscribers of A shares, issue methods, nominal value of the issue, stock exchange for listing, over-allotment, strategic placing, ratios of online and offline subscription, specific subscription methods and relevant matters;

- ii) To handle the reporting and application matters regarding the issue and listing of A shares, which include but not limited to, the handling of the approval, registration, filing, approval, consent, registration and other formalities with the relevant government authorities, regulatory authorities and the related stock exchange, securities registration and clearing organization regarding the issue and listing of A shares; approving, signing, executing, amending or completing any agreements, contracts or mandatory documents (include but not limited to letter of intent of issue of shares, prospectus, sponsorship agreement, underwriting agreement, listing agreement, service agreements with the intermediaries, all types of announcements and notices to Shareholders of the Company etc.) related to the issue and listing of A shares;
- iii) To make adjustments and changes of the matters involved in the issue and listing of A shares based on the implementation situations, market conditions, policy adjustments and the opinion of the government and regulatory authorities involved in the issue and listing of A shares; if there are changes in the policy related to the initial public offering of A shares, then to adjust and continue to handle the matters of the issue and listing of A shares according to the new policy;
- iv) To make the necessary or appropriate amendments to the articles of association, rules of procedures and internal rules which are necessitate by the issue and listing of A shares, and handle the matters related to the approval by the government regulatory authorities, industry and commerce changes registration and the related filing and registration;
- v) To make necessary or appropriate amendments to the articles of association, rules of procedures and internal rules if they are inconsistent with the regulatory rules or documents issued by the CSRC and/or the relevant stock exchange, or in accordance with the opinion of the CSRC and/or the relevant stock exchange;

- vi) To handle all the matters regarding the use of the proceeds from the issue of A shares, which include but not limited to, designate bank account for deposit of proceeds, making adjustments and changes of related matters according to the actual situations or the opinion of the relevant government departments during the process of using the proceeds in the projects, making adjustments to the investment projects covered by the use of proceeds within the scope of requirements of the laws and regulations and the resolution of the Shareholders in general meeting according to the requests of the relevant regulatory departments and the actual situations of the market; to handle relevant work involved in investing the proceeds in projects, sign material contracts and other relevant legal documents in connection with the use of proceeds in investment projects;
 - vii) To engage relevant intermediaries and determine their fees and other A share issuing expenses;
 - viii) To handle all matters and taking the necessary expedient or applicable actions connected with the issue and listing of A shares within the scope permitted by the relevant laws and regulations;
 - ix) To decide the stock exchange in which the A shares are to be listed according to the requirements of the relevant regulatory departments of China and other factors, and to handle all matters of the listing of A shares in that stock exchange;
 - x) The above authorization shall be valid for 12 months from the day on which it is approved by the shareholders in general meeting.
3. “To consider and approve Implementation of the Share Price Stabilization Measure for A Share after Completion of the Proposed A Share Issue, Appendix 1 to this circular.”
4. “To consider and approve the Letter of Undertaking Relating to Repurchase of New A Share and Reparation, Appendix 2 to this circular.”

By order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 26 June 2015

Notes:

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