

**ARTICLES OF ASSOCIATION**  
**of**  
**FUYAO GLASS INDUSTRY GROUP CO., LTD.**  
**( First amendments in 2021 )**

**CONTENTS**

Chapter 1 General Provisions .....	3
Chapter 2 Business Objective and Scope.....	6
Chapter 3 Shares .....	7
Section 1 Issue of Shares.....	7
Section 2 Change in and Buyback of Shares.....	10
Section 3 Transfer of Shares.....	14
Section 4 Financial Assistance to Purchase of Shares of the Company.....	17
Section 5 Shares and Register of Shareholders .....	18
Chapter 4 Shareholders and Shareholders' General Meetings.....	23
Section 1 Shareholders .....	23
Section 2 General Rules of Shareholders' General Meetings .....	30
Section 3 Convening of Shareholders' General Meeting .....	33
Section 4 Proposal and Notice of the Shareholders' General Meeting .....	36
Section 5 Holding General Meetings of Shareholders .....	40
Section 6 Voting and Resolutions at General Meetings of Shareholders .....	46
Section 7 Specific Proceedings for Voting by Class Shareholders .....	56
Chapter 5 Board of Directors .....	60
Section 1 Directors .....	60
Section 2 Board of Directors.....	64
Section 3 Secretary of the Board of Directors .....	73
Section 4 The Special Committees of the Board .....	75
Chapter 6 General Manager and Other Senior Management Members.....	76
Chapter 7 Board of Supervisors .....	78
Section 1 Supervisors .....	78
Section 2 Board of Supervisors.....	80

Chapter 8 Qualification and Obligations of Directors, Supervisors and Senior Management .....	83
Chapter 9 Financial Accounting System, Profit Distribution and Audit.....	92
Section 1 Financial Accounting System.....	92
Section 2 Internal Audit.....	102
Section 3 Appointment of Accounting Firm .....	102
Chapter 10 Notices and Announcements .....	106
Section 1 Notices.....	106
Section 2 Announcements .....	109
Chapter 11 Merger, Division, Increase and Reduction of Share Capital, Dissolution and Liquidation.....	109
Section 1 Merger, Division, and Increase and Reduction of Share Capital .....	109
Section 2 Dissolution and Liquidation of the Company .....	111
Chapter 12 Amendments to the Articles of Association .....	115
Chapter 13 Settlement of Disputes .....	116
Chapter 14 Supplementary Provisions.....	117

## Chapter 1 General Provisions

**Article 1** The Articles of Association are 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 Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Reply of the State Council on the Adjustment to the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad, the Guidelines on Articles of Association of Listed Companies (hereinafter referred to as the “Guidelines on Articles”), Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”) and other relevant requirements in the People’s Republic of China (the “PRC”, for the Articles of Association, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region), with an aim to safeguard the legal interests of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors and regulate the organization and conduct of the Company.

**Article 2** The Company is a joint stock limited company incorporated in accordance with the Law of the People’s Republic of China on Chinese-Foreign Equity Joint Ventures and other relevant requirements.

The Company was established as a sino-foreign equity joint venture limited liability company under the name of Fujian Yaohua Glass Industrial Co., Ltd. (福建省耀華玻璃工業有限公司) approved by the “Approval Relating to the Consent to Establish Fujian Yaohua Industrial Glass Co., Ltd. as a Sino-foreign Equity Joint Venture (關於同意中外合資經營福建省耀華玻璃工業有限公司的批覆)” issued by Foreign Economic Relations and Trade Commission of Fujian Province (Min Wai Jing Mao Zi Zi No. 204 (87)), and was registered with the Administration for Industry & Commerce of Fuzhou and obtained its Business License for Legal Person of the People’s Republic of China in June 1987.

In June 1991, the Company was converted into a sino-foreign joint stock company under the name of “Fuyao Glass Industry Co., Ltd.” (福耀玻璃工業股份有限公司) approved by a circular issued by the Commission for Restructuring the Economic Systems of Fujian Province and the Foreign Economic Relations and Trade Commission of Fujian Province (Min Ti Gai No. 002 (1991)), and was re-registered with the Administration for Industry & Commerce of Fuzhou. After the enforcement of the Company Law in July 1994, the Company performed the re-registration procedure according to law to meet the requirements of the Company Law.

In January 1996, the Company was renamed as its current name approved by the “Approval Relating to the Consent to Change Fujian Yaohua Glass Industry Co., Ltd. to Fuyao Glass Industry Group Co., Ltd. (關於同意福建省耀華玻璃工業股份有限公司組建為福耀玻璃工業集團股份有限公司的批覆)” issued by Foreign Economic Relations and Trade Commission of Fujian Province (Min Wai Jing Mao Zi Zi No. 020 [1996]), and was re-registered with the Administration for Industry & Commerce of Fuzhou.

The Company’s registration number is: 350100400008596.

**Article 3** The Company issued 57.19 million shares to other legal persons and its internal staffs approved by a circular issued by the People’s Bank of China Fujian Branch on 22 July 1991 (Min Yin Han No. 131 (1991)). The Company was confirmed as a joint stock limited company of which the shares are publicly offered approved by a circular issued by the State Commission for Restructuring the Economic Systems on 2 February 1993 (Ti Gai Sheng No. 18 (1993)). Of which: 23.3978 million shares were issued to promoters, representing 40.912% of the total share capital; 2.70 million shares were issued to social legal persons, representing 4.721% of the total share capital; 19.4958 million shares were issued to foreigners, representing 34.090% of the total share capital; 11.5964 million shares were issued to social public, representing 20.277% of the total share capital. On 10 June 1993, 11.5964 million public shares were listed on the Shanghai Stock Exchange approved on 31 May 1993 by the “Review Opinion Relating to the Application for Listing of Shares of Fujian Yaohua Glass Industry Co., Ltd. (關於福建省耀華玻璃工業股份有限公司申請股票上市的複審意見書)” issued by China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) (Zhen Jian Fa Shen Zi No. 8 [1993]) and the “Notice Relating to the Listing for Trading of RMB Shares of Fujian Yaohua Glass Industry Co., Ltd. (關於福建省耀華玻璃工業股份有限

公司人民幣股票上市交易的通知)” issued by the Shanghai Stock Exchange (Shang Zheng Shang Zi No. 2037 (93))

**Article 4** Registered name of the Company:

Chinese name: 福耀玻璃工業集團股份有限公司.

English name: Fuyao Glass Industry Group Co., Ltd.

**Article 5** Address of the Company: Fuyao Industrial Village, Fuqing Rongqiao Economic & Technological Development Zone, Fujian Province, the PRC.

Postal Code: 350301.

Telephone number: 86-591-85383777.

Facsimile number: 86-591-85363983.

**Article 6** The registered capital of the Company is RMB2,508,617,532.

**Article 7** The Company is a joint stock limited company having perpetual existence.

**Article 8** The legal representative of the Company is the chairman of the Board.

**Article 9** The entire share capital of the Company shall be divided into equivalent shares. The liabilities of the shareholders shall be limited to the amount of the shares in the Company they have subscribed to. The Company’s liability on its debt shall be borne by the Company with its entire property.

**Article 10** The Articles of Association are passed by a special resolution on the general meeting, and will be effective on the day of the Company’s Overseas Listed Foreign Shares (H Shares) being listed and traded on The Stock Exchange of Hong Kong Limited (hereinafter referred as “Hong Kong Stock Exchange”). Upon the effective day of the Articles of Association, the existing Articles of Association of the Company will lapse automatically.

From the date on which the Articles of Association came into effect, the Articles of Association constitute a legally binding document regulating our organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders themselves. The Articles of Association shall also be legally binding on the Company and its shareholders, Directors, Supervisors and senior management, who shall have the right to make any claims and propositions regarding the Company's affairs in accordance with the Articles of Association. Pursuant to the Articles of Association, shareholders may pursue actions against other shareholders, shareholders may pursue actions against Directors, Supervisors, the general manager and other senior management, the shareholders may pursue actions against the Company, and the Company may pursue actions against its shareholders, Directors, Supervisors, the general manager and other senior management.

The actions, as referred to in the preceding paragraph, include the instituting of legal proceedings with a court or filing with an arbitration agency for arbitration.

**Article 11** Other senior management in the Articles of Association refers to the vice general manager, secretary of the Board and chief financial officer of the Company.

**Article 12** The Company may invest in other limited liability companies or joint stock companies and shall be held responsible for the invested companies within the limitation of the amount of the Company's capital contribution or shares subscription.

Unless otherwise provided by laws, the Company shall not be the capital contributor bearing joint liability associated with the debts of the invested enterprises.

## **Chapter 2 Business Objective and Scope**

**Article 13** The business objective of the Company is to bring satisfied economic benefits for all shareholders and make the members of the Group to develop in a stable, coordinated and rapid manner, so as to ensure the Company's production and operation be managed in a more standardized, scientific and unified way and contribute to the development of Fujian Province, the prosperity of the society and the progress of the humanity.

**Article 14** As registered according to law, the business scope of the Company includes:

manufacture and installation of automotive glass, decorative glass and other industrial and technical glass, as well as provision of after-sell services; development, manufacture and operation of special high-quality float glass, including ultra-thin glass, thin glass, transparent glass and stained glass; management of the business activities of members of the Group in a unified and coordinated way and purchasing and selling raw materials and products for members of the Group; assisting the Group to recruit staffs, providing technical training and consulting and other related services; manufacture of assembled plastic edges, plastics and rubber products; processing packaging timber; sale of cartons, cardboards, iron frames, recyclable metal supporting frames used for packaging, pallets and other packaging-used materials, subject to industries allowed for investing by foreigners in China. The Company is required to fulfill relevant procedures according to law if industries are not permitted for investing by foreigners or there are special provisions in laws. (The Company is only allowed to produce and operate in the permitted scope and valid period for the licensed projects).

## **Chapter 3 Shares**

### **Section 1 Issue of Shares**

**Article 15** There must be ordinary shares in the Company at all times. Pursuant to its requirements and subject to the approval from examination and approval authorities authorized by the State Council, the Company may create other classes of shares.

**Article 16** The shares of the Company are held in form of stocks.

**Article 17** Subject to the approval from securities regulatory authority authorized by the State Council, the Company may issue shares to domestic investors and foreign investors.

“Foreign investors” referred to in the previous clause represent investors domiciled in foreign countries and Hong Kong, Macau and Taiwan who subscribe for the issued shares of the Company; “domestic investors” refer to investors within the territory of the People’s Republic of China (other than the foregoing regions) who subscribe for the issued shares of the Company.

**Article 18** Shares issued by the Company to domestic investors for subscription in RMB

shall be referred to as “domestic shares”. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares listed overseas shall be referred to as “overseas-listed foreign shares”.

Both holders of domestic shares and holders of overseas-listed foreign shares are ordinary shareholders, bearing identical rights and liabilities.

**Article 19** The shares shall be issued on an open, fair and equitable basis by the Company. Shares of the same class shall rank pari passu among each other.

For shares of the same class issued at the same time, the issuance conditions and issuance price for each share shall be identical; the price for each share subscribed by any entity or individual shall be identical.

**Article 20** The shares issued by the Company shall be denominated in RMB. Each share shall have a par value of RMB1.

“RMB” referred to in the previous clause means the legal currency of the PRC.

**Article 21** The domestic shares issued by the Company are centrally deposited with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Foreign-listed foreign shares issued by the Company are principally deposited with the entrusted companies under the Hong Kong Securities Clearing Company Limited.

**Article 22** The promoters of the Company are Fuqing Overseas Chinese Hometown Construction and Investment Co., Ltd. (福清市僑鄉建設投資有限公司), Minhui Mansion (閩輝大廈), Fuqing Gaoshan Drawnwork Factory (福清市高山抽紗廠), Fujian Trading Automobile Repairing Factory (福建省外貿汽車維修廠), Fuqing Honglu Real Estate Construction Materials Factory (福清市宏路地產建材廠), Hualian Automobile Development Co., Ltd. (華聯汽車發展有限公司), China Tongyuan Co., Ltd. (中國同源公司), Island Mile Limited (a Hongkong company), Tennessee Plastic Engineering Company Limited (a U.S. company) and Mr. Fang Ming Wu (方明梧, a Chinese Indonesian). The shares subscribed by the promoters are 40,850,000 shares with the capital contributions made by net assets of Fujian Yaohua Glass Industry Group Co., Ltd. (福建省耀華玻璃工業有限公司, the former



sino-foreign equity joint venture) on 25 February 1991.

The total ordinary shares (A shares) approved to be issued by the Company at the time of its establishment are 57.19 million shares. Of which: 23.3978 million shares are issued to promoters, representing 40.912% of the total share capital; 2.70 million shares are issued to social legal persons, representing 4.721% of the total share capital; 19.4958 million shares are issued to foreigners, representing 34.090% of the total share capital; 11.5964 million shares are issued to individuals, representing 20.277% of the total share capital.

**Article 23** Before the H shares of the Company are issued, the Company has a total of 2,002,986,332 shares, the capital structure of the Company is: 390,578,816 shares are held by Sanyi Development Limited (三益發展有限公司), representing 19.50% of the total share capital; 12,086,605 shares are held by Homekiu Overseas Holdings Limited (鴻僑海外控股有限公司)(formerly known as “Home Bridge Overseas Limited(鴻僑海外有限公司)” and changed into current name in June 2018), representing 0.6% of the total share capital; 290,000,000 shares are held by Heren Charitable Foundation (河仁慈善基金會), representing 14.48% of the total share capital; 1,310,320,911 shares are held by the remaining holders of domestic shares, representing 65.42% of the total share capital.

**Article 24** After the H shares of the Company are issued, the capital structure of the Company is: the total number of issued ordinary shares is 2,508,617,532 shares, consisting of 2,002,986,332 domestic-listed ordinary shares denominated in RMB (A shares) and 505,631,200 overseas-listed foreign shares (H shares).

**Article 25** The Board of the Company may arrange separate implementations of the plans for the issuance of overseas-listed foreign shares and domestic-listed shares approved by securities regulatory authority of the State Council.

The Company may conduct separate issuances of overseas-listed foreign shares and domestic-listed shares within fifteen months upon obtaining the approval from securities regulatory authority of the State Council pursuant to the provision set out in the previous clause.

**Article 26** When conducting separate issuance of up to the total number of shares

determined by the issuance plans, the overseas-listed foreign shares and domestic-listed shares shall be fully subscribed for at their respective offering. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval from the securities regulatory authority of the State Council, be issued in separate branches.

**Article 27** The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance to any persons who purchase or propose to purchase the shares of the Company by gifts, advances, guarantee, compensation, loans and other forms.

## **Section 2 Change in and Buyback of Shares**

**Article 28** In light of the demands of operation and business development and based on laws and regulations, after obtaining separate resolutions of the general meeting, the Company may increase its capital through the following ways:

- (1) offer of new shares to non-given investors;
- (2) non-public offering;
- (3) placement of new shares among existing shareholders;
- (4) offer of bonus shares to existing shareholders;
- (5) conversion of common reserve fund into share capital;

(6) other methods stipulated by laws and administrative regulations and approved by the securities regulatory authority under the State Council.

Issue of new shares by the Company shall be subject to approval as specified in the Articles of Association and follow the procedures specified by relevant State laws and administrative regulations and the securities regulatory authority at the location where the shares of the Company are listed.

**Article 29** The Company may decrease its registered capital pursuant to Company Law, other relevant laws and regulations, and the Articles of Association.

**Article 30** The Company may, in any of the following circumstances, purchase its shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:

- (1) To decrease the registered capital of the Company;
- (2) To merge with another company holding shares of the Company;
- (3) To utilize the shares for the employee stock ownership scheme or as equity incentives;
- (4) Shareholders object to resolutions passed at the general meeting concerning merger or split-up of the Company, requiring the Company to buy its shares;
- (5) To utilize the shares for conversion of corporate bonds issued by the Company which are convertible into shares of the Company; or
- (6) It is necessary for the Company to safeguard the value of the Company and the rights and interests of its shareholders.

The Company shall purchase its issued shares in accordance with laws, administrative regulations, departmental rules, the listing rules of the stock exchanges on which the shares of the Company are listed and the Articles of Association.

**Article 31** Subject to laws, administrative regulations, departmental rules, the listing rules of the stock exchange on which the shares of the Company are listed and the Articles of Association, the Company may purchase its shares in any of the following ways:

- (1) Offering to all the shareholders for buyback in the same proportion;
- (2) Purchasing through open transaction in the stock exchange;
- (3) Purchasing through agreement outside the stock exchange;
- (4) Other means stipulated by laws, administrative regulations and the securities

regulatory authority at the location where the Company is listed.

Where the Company purchases its own shares, it shall perform the information disclosure obligation in accordance with the Securities Law and relevant provisions of the securities regulatory authorities at the location where the shares of the Company are listed. Where the Company purchases its own shares under any of the circumstances as mentioned in items (3), (5) and (6) under Article 30 of the Articles of Association, it shall be carried out through open and centralized transaction.

**Article 32** Where the Company needs to purchase its own shares for any of the reasons as mentioned in items (1) and (2) under Article 30 of the Articles of Association, it shall be subject to a resolution of the general meeting. Where the Company needs to purchase its own shares under any of the circumstances as mentioned in Items (3), (5) and (6) under Article 30 of the Articles of Association, it shall be approved by way of a resolution at the board meeting attended by more than two thirds of the directors of the Company. After the Company purchases its own shares pursuant to Article 30, it shall, under the circumstance as mentioned in item (1), cancel the purchased shares within ten days after the purchase; while under either circumstance as mentioned in items (2) or (4), transfer them or write them off within six months; while under any of the circumstances as mentioned in items (3), (5) or (6), the aggregate number of shares of the Company held by itself shall not exceed 10% of its total shares in issue and the Company shall transfer them or write them off within three years. Where laws, administrative regulations, departmental rules, the listing rules of the stock exchanges on which the shares of the Company are listed provide otherwise in respect of the cancellation of shares, such provisions prevail.

**Article 33** In buying back shares through agreement outside the stock exchange, the Company shall seek prior approval at a general meeting in accordance with the Articles of Association. With prior approval at the general meeting in the same way, the Company may cancel or change the contract already concluded in the aforesaid way or waive any right under the contract.

The share buyback contract mentioned in the preceding article includes (but is not limited to) agreement for undertaking share buyback obligations and obtaining share buyback rights.

The Company shall not transfer the share buyback contract or any right thereunder.

The price of shares which the Company has the right to buy back or redeem and which are listed on the main board of the Hong Kong Stock Exchange shall not exceed a specific maximum price if the said shares are not bought back by public trading or offer; to buy back the shares by offer, the Company shall tender offer to all shareholders under the same conditions.

**Article 34** After buying back shares according to laws, the Company shall deregister the said shares before the deadline specified by the relevant laws and administrative regulations, and have the change of the registered capital registered with the original company registration authority.

The total par value of the shares deregistered shall be deducted from the registered capital of the Company.

**Article 35** Unless the Company is under liquidation, the Company shall observe the following regulations when buying back its outstanding shares:

1. Where the Company buys back shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company, or the proceeds from issue of new shares for buying back old shares;

2. Where the Company buys back shares at a premium to its par value, payment up to the par value shall be deducted from the book balance of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion in excess of par value shall be effected as follows:

(1) Deducted from the book balance of distributable profit of the Company if the shares bought back were issued at par value;

(2) Deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for buying back old shares if the shares bought back were issued above par value; but the amount deducted from the proceeds from issue of new shares shall not exceed the total premium obtained at the time of issue of the shares bought back and

shall not exceed the amount (including premium from issue of new shares) in the premium account (or capital reserve account) of the Company at the time of buyback.

3. The Company shall make the following payment from the Company's distributable profits:

- (1) Acquiring the right to buy back its shares;
- (2) Changing the share buyback contract;
- (3) Cancelling its obligations under the share buyback contract.

4. After the total par value of the shares deregistered is deducted from the registered capital of the Company pursuant to relevant regulations, the amount deducted from the distributable profit for paying the par value of the shares bought back shall be stated in the premium account (or capital reserve account) of the Company.

If laws, regulations, regulatory documents and the securities regulatory authority at the location where the shares of the Company are listed have provisions on financial treatment relating to share buyback, such provisions shall prevail.

### **Section 3 Transfer of Shares**

**Article 36** Save as otherwise specified by laws, administrative regulations, the Articles of Association and relevant provisions of the securities regulatory authority at the location where the shares of the Company are listed, the Company's shares may be transferred freely and shall not be subject to any lien.

Transfer of the overseas-listed foreign shares (H shares) listed on the Hong Kong Stock Exchange shall be registered with a Hong Kong securities registry entrusted by the Company.

**Article 37** All overseas-listed foreign shares listed on the Hong Kong Stock Exchange for which full payment has been made may be freely transferred in accordance with the Articles of Association and shall not be subject to any lien; unless the following conditions are met, the Company's board of directors may refuse to recognize any transfer document without

providing any reason:

(1) Transfer documents and other documents relating to or affecting ownership of any shares shall be registered, and a registration fee shall be paid to the Company as per the standard specified in the Hong Kong Listing Rules; and the said fee shall not exceed the maximum amount stipulated from time to time by the Hong Kong Stock Exchange in the Hong Kong Listing Rules;

(2) The transfer document shall only relate to overseas-listed foreign shares listed on the Hong Kong Stock Exchange;

(3) Stamp tax as required by Hong Kong laws has been paid for the transfer document;

(4) It is required to provide relevant shares and evidence reasonably required by the board of directors to prove that the transferor has the right to transfer the said shares;

(5) If the shares are transferred to joint holders, the number of joint shareholders shall not exceed four;

(6) The Company shall not have any liens on the relevant shares.

Should the board of directors refuse to register any transfer of shares, the Company shall, within two months after the request for transfer is submitted, provide the transferor and the transferee with a notice of refusal to register the said share transfer.

Transfer of all the overseas-listed foreign shares listed in Hong Kong shall be executed with a written transfer instrument (including the standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time) with a common format or any other format accepted by the board of directors, which instrument may be signed by hand, or affixed with the Company's seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house (hereinafter referred to as "Recognized Clearing House") as defined in relevant Hong Kong ordinances which take effect from time to time or agent thereof, the said transfer form may be signed by hand or in printed form.

All transfer instruments shall be kept at the legal address of the Company or other place

designated by the board of directors from time to time.

**Article 38** The Company does not accept the shares of the Company as the subject matter of any pledge.

**Article 39** The shares of the Company held by the promoters shall not be transferred within one year upon the incorporation of the Company. The shares of the Company issued before the initial public offering shall not be transferred within one year since the listing and trading of the Company's shares on the stock exchange(s).

The Directors, Supervisors and senior management of the Company shall declare to the Company their holdings in the Company's shares and inform the same if there are any changes in their holdings subsequently. During their terms of office, shares being transferred every year must not exceed 25% of their holdings in the Company's shares. No transfer of their holdings in the Company's shares shall be made within one year after the Company's ordinary shares were listed and within six months after they cease to hold their respective offices.

**Article 40** When Directors, Supervisors or senior management of the Company or shareholders holding more than 5% of the shares of the Company sell their ordinary shares within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the Board of the Company shall repatriate any profits derived from such dealings and the profits derived shall be vested in the Company. However, securities companies holding over 5% of the shares of the Company as a result of acquiring remaining shares as an underwriter are not subject to the six-month restriction when selling shares.

Shareholders may require the Board to comply with the requirement set out in the previous clause within thirty days if the Board fails to do so. In the event the Board fails to rectify the situation within the said timeline, Shareholders may file a lawsuit to the court in their own name for safeguarding the interests of the Company.

If the Board of the Company fails to comply with the first clause, the Directors responsible shall bear joint liability.



## **Section 4 Financial Assistance to Purchase of Shares of the Company**

**Article 41** The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of purchase of shares.

The Company or its subsidiaries shall not at any time or in any form provide financial assistance to the aforesaid obligors for reducing or exempting their obligations.

This Article shall not apply to the cases described in Article 43 hereof.

**Article 42** Financial assistance as referred to in the Articles of Association includes (but not limited to) the following methods:

(1) Gift;

(2) Guarantee (including the case where the guarantor undertakes liability or provides property to ensure fulfillment of obligations by the obligor), compensation (excluding compensation for the Company's own error), termination or waiver of rights;

(3) Provision of loan or conclusion of contract under which the Company fulfils obligations prior to other parties, change of the said loan and the parties to the contract, and transfer of the said loan and rights under the contract;

(4) Provision of any other form of financial assistance when the Company is insolvent, has no net assets or its net assets are likely to decrease significantly.

Obligations as referred to herein include the obligations undertaken by the obligor for concluding a contract or making an arrangement (regardless whether the said contract or arrangement is enforceable or whether it is undertaken by the obligor alone or jointly with others) or for changing his financial position in any form.

**Article 43** The following acts are not deemed as acts prohibited in Article 41 of the Articles of Association:

(1) The Company provides the relevant financial assistance for the interest of the Company in good faith and the said financial assistance is not mainly intended to buy back the Company's shares or the said financial assistance is part of a general plan of the Company;

(2) The Company distributes its properties as dividends according to law;

(3) The Company distributes shares as dividends;

(4) The Company decreases the registered capital, buys back shares and adjusts the equity structure in accordance with the Articles of Association;

(5) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company);

(6) The Company provides loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).

## **Section 5 Shares and Register of Shareholders**

**Article 44** The shares of the Company shall be registered shares.

The shares of the Company shall state the details as prescribed under the Company Law. In addition to this, they shall also include other details that are required to be stated by the stock exchange on which these shares are listed. If the share capital includes the non-voting shares, the names of those shares shall be stamped with "Non-voting". If the share capital includes the shares with different voting rights, the names of each type of shares (excluding the shares carrying the most preferential voting rights) shall be stamped with "restricted voting right" or "limited voting right".

Overseas listed foreign shares issued by the Company may take the form of depository receipts or other derivatives of share certificates in accordance with the law and the practices of securities registration and depository in the place of listing.

**Article 45** Shares shall be signed by the Chairman. In the event that the stock regulatory authority and the stock exchange on which the shares of the Company are listed require that the general manager or other senior management of the Company sign, the shares shall be signed by such general manager or other relevant senior management. Shares shall be valid after being affixed or printed with the Company seal. The affixment of the Company seal shall be authorized by the Board. The signatures of the Chairman, the general manager or other senior management on the shares may take the printed form.

**Article 46** If the shares are issued and traded in scripless format, the respective requirements of the stock regulatory authority and the stock exchange where the Share are listed shall be adopted.

**Article 47** The Company shall create a register of shareholders to record the following particulars:

- (1) the name, address (residence), occupation or type of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the numbers in the shares held by each shareholder;
- (5) the date of registering as a shareholder by each shareholder;
- (6) the date of terminating as a shareholder by each shareholder.

The register of shareholders shall be sufficient evidence substantiating that the shareholders hold the shares of the Company, unless there is evidence to the contrary.

**Article 48** The Company may, in accordance with the understanding or agreement

reached between the securities regulatory authorities of the State Council and overseas securities regulators, keep the register of holders of overseas-listed foreign shares at the location where such shares were listed, and may appoint a foreign agency to manage it.

The original register of holders of Hong Kong-listed foreign shares shall be kept in Hong Kong.

A copy of the register of holders of overseas listed foreign shares shall be made available at the Company's domicile; the appointed foreign agency shall at any time ensure the original and the copy of the register of holders of overseas-listed foreign shares are consistent.

In the event that the records in the original and the copy of the register of holders of overseas-listed foreign shares are inconsistent, the original shall prevail.

**Article 49** The Company shall keep a complete register of shareholders.

A register of shareholders shall contain the following sections:

(1) a register of shareholders, other than those prescribed in (2) and (3), kept at the Company's domicile;

(2) the Company's register of holders of overseas-listed foreign shares kept at the location of the stock exchange on which such shares are listed;

(3) a register of shareholders, which the Board of Directors has decided that it shall be kept in other places for the needs of the listing of the shares of the Company.

**Article 50** Each section of the register of shareholders shall not overlap each other. In the event that the shares registered in a section of the register of shareholders are transferred, they may not be registered to other sections of the register of shareholders during the period of the registration.

Alterations or corrections to each section of the register of shareholders shall be made in accordance with the laws of the place where each section of the register of shareholders is kept.

**Article 51** The registration of changes in register of shareholders resulting from transfer of shares prior to a general meeting shall comply with relevant laws, administrative regulations, departmental regulations, normative documents and the requirements of the relevant stock exchange or regulators of the place where the Company's Shares are listed. No changes shall be made in the registration in the register of shareholders as a result of the transfer of shares within thirty days prior to a shareholders' general meeting or within five days prior to the base date on which the Company decides to distribute dividends.

Other requirements of the securities regulatory authorities of the locality where the Company's shares are listed shall prevail.

**Article 52** In the event that any person has an objection to the register of shareholders and asks for registering his name in or removing his name from, the register of shareholders, he may apply to a court of competent jurisdiction for correcting the register of shareholders.

**Article 53** For any shareholder who is registered in the register of shareholders or any person who asks for registering his name in the register of shareholders, if his shares (i.e. "original shares") are lost, he may apply to the Company for issuing replacement shares in respect of those shares (the "underlying shares").

In the event that a holder of domestic shares has lost his shares and applies for issuing replacement shares, he shall handle the matter in accordance with the relevant requirements of the Company Law.

In the event that a holder of overseas listed foreign shares has lost his shares and applies for issuing replacement shares, he shall handle the matter in accordance with the laws of the place where the original register of holders of overseas listed foreign shares is kept, the rules of the stock exchange or other relevant stipulations.

In the event that a holder of overseas listed foreign shares has lost his shares and applies for issuing replacement shares, the issuance of his replacement shares shall meet the following requirements:

- (1) the applicant must file an application in the standard format designated by the

Company and attach a notarial certificate or a statutory declaration document. The notarial certificate or statutory declaration document must contain particulars such as the reasons of the applicant for the application, details of the lost shares and evidence thereon as well as a statement saying that no any other persons have asked for registering as shareholders in respect of the underlying shares.

(2) before the Company decides to issue replacement shares, it has not received any statement from any persons other than the applicant asking for registering as shareholders of those shares.

(3) after the Company decides to issue replacement shares to the applicant, it shall publish an announcement in the newspapers designated by the Board of Directors on its preparations to issue replacement shares for a period of ninety days. The announcement shall be republished once every thirty days at least.

(4) before the Company publishes an announcement on its preparations to issue replacement shares, it shall submit a copy of the announcement to the stock exchange on which it is listed, and may immediately publish it after receiving a reply from the stock exchange confirming that the announcement has been displayed on the stock exchange. The announcement shall be displayed on the stock exchange for a period of ninety days.

In the event that an application for the issuance of replacement shares is not approved by the shareholder of the underlying shares recorded in the register, the Company shall mail a copy of the announcement to be published to the shareholder.

(5) upon expiry of the period of ninety days for the display of the announcement prescribed in (3) and (4) hereof, the Company may issue replacement shares based on the application of the applicant in the event that it has not received any objection from any person to the issuance of replacement shares.

(6) when the Company issues replacement shares hereunder, it shall immediately cancel the original shares, and have the cancellation and replacement recorded in the register of shareholders.

(7) all expenses of the Company on the cancellation of the original shares and issuance of replacement shares shall be borne by the applicant. The Company has the right to refuse to take any action before the applicant provides reasonable security.

**Article 54** After the Company issues replacement shares in accordance with the requirements hereof, the name of the bona fide purchaser who has obtained such replacement shares or the shareholder subsequently registered as the owner of such replacement shares (in the case of bona fide purchaser) may not be removed from the register of shareholders.

**Article 55** The Company shall not be under any obligations to compensate any person who incurs damages as a result of the cancellation of the original shares or the issuance of the replacement shares, unless the person can prove that the Company has fraudulent conduct.

## **Chapter 4 Shareholders and Shareholders' General Meetings**

### **Section 1 Shareholders**

**Article 56** The shareholders of the Company shall be the persons who hold the shares of the Company in accordance with laws, and whose names are recorded in the register of shareholders.

Shareholders shall be entitled to rights and undertake obligations according to the class and portion of shares they hold; shareholders holding the same class of shares shall be entitled to equal rights and undertake the same obligations.

When two or more persons are registered as joint holders of any shares, they shall be regarded as joint owners of the underlying shares to be subject to the following terms:

- (1) the Company shall not register more than four persons as joint holders of any shares;
- (2) all joint holders of any shares shall be jointly and severally liable for the payment of all amounts payable for the underlying shares.
- (3) in the event that one of the joint holders dies, only the other surviving persons among the joint holders shall be deemed by the Company as the persons with ownership of the

underlying shares. However, the Board of Directors has the right to require such surviving persons to provide a death certificate as deemed appropriate by the Board of Directors for the purpose of amending the register of shareholders;

(4) in respect of the joint holders of any shares, only the joint holder who stands first on the register of shareholders has the right to take over the share certificates of the underlying shares from the Company, receive notices from the Company, attend shareholders' general meetings of the Company or exercise all voting rights of the underlying shares. Any notices served to the aforesaid person shall be deemed to have been served to all joint holders of the underlying shares.

**Article 57** When the Company needs to confirm the identity of a shareholder for holding a shareholders' general meeting, distributing dividends, conducting liquidation and engaging in other acts, the Board of Directors or the convener of the shareholders' general meeting shall determine a record date. Shareholders registered in the register by the end of the record date shall be the Company's shareholders.

**Article 58** A shareholder holding ordinary shares of the Company shall be entitled to the following rights:

(1) receive dividends and benefit distributions in other forms according to the portion of shares he holds;

(2) make a request to, convene, preside over and attend or appoint a proxy to attend a shareholders' general meeting, and exercise the corresponding voting rights in accordance with the law;

(3) carry out supervision and management of the Company's business operations, and make recommendations or raise questions;

(4) transfer, grant or pledge the shares he holds in accordance with the laws, administrative regulations, normative documents, relevant rules of the stock regulatory authority where the shares are listed and the provisions hereof;



(5) Access relevant information in accordance with the provisions hereof, including:

(i) obtain these Articles of Association upon payment of cost expenses;

(ii) upon payment of a reasonable fee, he has the right to gain access to and make copies of:

(a) the registers of shareholders in all sections;

(b) the personal information of the directors, supervisors, general manager and other senior management staff of the Company, including: a. the current and former names and aliases; b. the principal addresses (residence); c. the nationality; d. the full-time jobs and all other part-time jobs and positions; e. the identity documents and their numbers.

(c) details of the share capital of the Company;

(d) the total par value, quantity, highest and lowest prices of each class of his own shares bought back by the Company since the previous fiscal year, and the report on the all the expenses paid by the Company therefor;

(e) the counterfoils of corporate bonds;

(f) minutes of shareholders' general meetings, resolutions of the Board of Directors, resolutions of the Supervisory Committee;

(g) financial and accounting reports.

(6) during the termination or liquidation of the Company, participate in the distribution of surplus property of the Company according to the portion of shares he holds;

(7) those shareholders who object to a resolution made at a shareholders' general meeting on the merger or division of the Company request that the Company purchase their shares;

(8) other rights conferred by laws, administrative regulations, departmental rules or these Articles of Association.

**Article 59** In the event that a shareholder wants to access the relevant information as described in the preceding article, or to obtain information, he shall provide a written document to the Company proving the class and number of shares of the Company he holds. Such information shall be provided to the shareholder at his request after the Company verifies the identity of the shareholder.

The Company shall not exercise any power to freeze or otherwise prejudice any right attached with the shares held by any person who directly or indirectly has interests only for the reason of not disclosing his interests to the Company.

**Article 60** In the event that the particulars of a resolution passed at a shareholders' general meeting or a Board meeting are in violation of laws or administrative regulations, the shareholders shall have the right to petition a people's court to establish such particulars as invalid.

In the event that the procedures for convening a shareholders' general meeting or a Board meeting, or the voting methods thereof are in violation of laws, administrative regulations or the Articles of Association, or the particulars of a resolution are in violation hereof, the shareholders shall have the right to petition a court to make revocation within sixty days from the date of the resolution.

**Article 61** In the event that a director or a senior management officer violates laws, administrative regulations or the Articles of Association when performing his duties for the Company, thus causing losses to the Company, the shareholders who either alone or jointly having been holding more than one percent of voting shares of the Company for one hundred eighty consecutive days or more shall have the right to request in writing that the Supervisory Committee bring legal action before a court. In the event that the Supervisory Committee violates laws, administrative regulations or the Articles of Association when executing its duties for the Company, thus causing losses to the Company, shareholders may request in writing that the Board of Directors bring legal action before a people's court.

In the event that the Supervisory Committee or the Board of Directors refuses to take legal action upon receipt of the request in writing from the shareholders as prescribed in the preceding paragraph, or does not take legal action within thirty days of receiving such a request,

or any emergency or failure to take immediate legal action will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraphs shall have the right to bring legal action directly before a court in their own names in the interests of the Company.

In the event that some other persons infringe the legitimate rights and interests of the Company, thus causing losses to the Company, the shareholders prescribed in the first paragraph of this Article may bring legal action before a court in accordance with the provisions of the preceding two paragraphs.

**Article 62** In the event that a director or a senior management officer violates laws, administrative regulations or these Articles of Association, thus causing damage to the interests of shareholders, the shareholders may bring legal action before a people's court.

**Article 63** A ordinary shareholder of the Company shall undertake the following obligations:

(1) Comply with laws, administrative regulations and the Articles of Association;

(2) pay equity capital according to his shares subscribed and the method of equity capital injection;

(3) may not withdraw equity shares unless provided by laws, regulations and the Articles of Association;

(4) may not abuse the rights of a shareholder to prejudice the interests of the Company or other shareholders; may not abuse the Company's independent status of legal person and shareholders' limited liability to prejudice the interests of the Company's creditors;

In the event that a shareholder abuses his rights, thus causing losses to the Company or other shareholders, he shall be liable for compensation in accordance with the laws.

In the event that a shareholder of the Company abuses the Company's independent status of legal person and shareholders' limited liability to evade debts, thus seriously prejudicing the interests of the Company's creditors, he shall be jointly and severally liable for the Company's

debts.

(5) other obligations to be undertaken as prescribed by laws, administrative regulations and these Articles of Association.

Except the conditions agreed by a subscriber for shares during the subscription, shareholders shall not be liable for any subsequent contribution of additional share capital.

**Article 64** In the event that a shareholder holding more than five percent of the voting shares of the Company pledges the shares he holds, he shall report to the Company in writing on the date of making the pledge.

**Article 65** The controlling shareholders and de facto controllers of the Company shall not prejudice the Company's interests by taking advantage of their connections. They shall be liable for compensation for losses caused to the Company as a result of their violation.

The controlling shareholders and de facto controllers of the Company shall have an obligation of good faith towards the Company and public shareholders. The controlling shareholders shall exercise the rights of an investor in strict compliance with the law. They may not prejudice the legitimate rights and interests of the Company and public shareholders by means of the distribution of profits, restructuring of assets, foreign investment, appropriation of funds, loan guarantees and other means, and they may not prejudice the interests of the Company and public shareholders by taking advantage of their controlling position.

A director, supervisor or senior management personnel of the Company shall be obliged to protect the Company's funds from being occupied by the controlling shareholders. In the event that a director or senior management personnel assists in or connives at the Company's assets being occupied by the controlling shareholders and their subsidiaries, the Board shall give the administrative sanction to the direct parties and dismiss the directors who are directly responsible. The Board shall establish the Occupying equals to Freezing mechanism for shares held by the substantial shareholders, meaning that the judiciary freeze shall be applied immediately in the event that the controlling shareholder is embezzling the Company's assets, and if he is unable to settle in cash, he shall repay the embezzled assets by realizing the equity

interest.

**Article 66** In addition the obligations required under laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholders, in the exercise of their powers, may not make any decision on the following issues to jeopardize the interests of all or some of shareholders as a result of exercising their rights to vote:

(1) removing a director or a supervisor to reflect, in good faith, the responsibility of doing so in the best interests of the Company as a starting point;

(2) approving a director or a supervisor (for his own or others' benefits) of depriving the property of the Company in any way, including (but not limited to) any opportunity beneficial to the Company;

(3) approving a director or a supervisor (for his own or others' benefits) of depriving the personal rights and interests of other shareholders, including (but not limited to) any distribution rights and voting rights, but excluding corporate restructuring submitted to a shareholders' general meeting for approval in accordance herewith.

**Article 67** "Controlling shareholder" referred to in the previous article shall mean a shareholder who meets any of the following conditions:

(1) such person may, individually or acting in concert with others, elect more than half of the directors;

(2) such person may, individually or acting in concert with others, exercise more than thirty percent (inclusive) of the voting rights or may control the exercise more than thirty percent (inclusive) of the voting rights of the Company;

(3) such person, individually or acting in concert with others, holds more than thirty percent (inclusive) of the shares of the Company;

(4) such person, individually or acting in concert with others, has de facto control over the Company by other means.

## **Section 2 General Rules of Shareholders' General Meetings**

**Article 68** The shareholders' general meeting shall be the Company's authority and shall exercise the following duties and powers:

- (1) decide on the Company's business policies and investment plans;
- (2) elect and replace directors and supervisors from non-employees' representatives, and decide on the remuneration of directors and supervisors;
- (3) consider and approve the report of the Board of Directors;
- (4) consider and approve the report of the Supervisory Committee;
- (5) consider and approve the Company's annual budget and final accounts proposals;
- (6) consider and approve the Company's profit distribution plan and loss recovery plan;
- (7) make a resolution on the increase or decrease of the registered capital of the Company;
- (8) consider and approve the Company's plan to purchase its own shares in accordance with Article 32 of the Articles of Association;
- (9) make a resolution on the issuance of corporate bonds;
- (10) make a resolution on the merger, division, dissolution or liquidation of the Company, or on the change in the type of the Company;
- (11) amend these Articles of Association;
- (12) make a resolution on the Company's engagement, dismissal or non-reappointment of an accounting firm;
- (13) consider and approve the guarantees prescribed in Article 69 hereof;
- (14) consider the Company's purchase or sale of major assets within one year in excess of

thirty percent of the Company's latest audited total assets;

(15) consider and approve changes in the use of proceeds;

(16) consider an equity incentive plan;

(17) consider the proposals by shareholders separately or aggregately holding more than three percent of the shares of the Company;

(18) consider other matters on which resolutions shall be made by a shareholders' general meeting as required by laws, administrative regulations, departmental rules, regulatory rules of the place of listing or these Articles of Association.

**Article 69** The following external guarantees by the Company shall be considered and approved by a shareholders' general meeting.

(1) any guarantee provided after the total amount of external guarantees by the Company and its holding subsidiaries meet or exceed fifty percent of the latest audited net assets;

(2) any guarantee provided after the total amount of external guarantees by the Company meet or exceed thirty percent of the latest audited net assets;

(3) any guarantee provided for a target party whose asset-liability ratio is over seventy percent;

(4) any guarantee with a single guaranteed amount in excess of ten percent of the latest audited net assets;

(5) any guarantee provided to shareholders, de facto controllers and their connected parties;

(6) other external guarantees that shall be considered by a shareholders' general meeting as required by the relevant laws, administrative regulations, normative documents or Shanghai Stock Exchange or Hong Kong Stock Exchange.

**Article 70** Shareholders' general meetings include annual general meeting and extraordinary general meeting. An annual general meeting shall be convened once each year, and held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary general meeting within two months of the happening of an event if:

(1) the number of directors is below the required quorum (i.e. five) as prescribed in the Company Law or is less than two-thirds of the required quorum (i.e. six) hereunder;

(2) the losses not yet made up by the Company account for one-third of the total paid-up share capital;

(3) the shareholders individually or jointly holding more than ten percent of total shares of the Company make a request;

(4) the Board of Directors considers it necessary;

(5) the Supervisory Committee proposes convening the meeting;

(6) other cases as required by laws, administrative regulations, departmental rules or these Articles of Association.

**Article 71** A shareholders' general meeting of the Company shall be convened at the Conference room of the Company, Fuyao Industrial Village, Fuqing City, Fujian Province, or other specific locations stated in the notice of convening the shareholders' general meeting.

A venue shall be available for a shareholders' general meeting which shall be held as an on-site meeting. The Company shall also provide a network voting (as the case may be) to facilitate the attendance of shareholders at the shareholders' general meeting. Shareholders attending a shareholders' general meeting in the above methods shall be deemed being present at the meeting.



**Article 72** When the Company holds a shareholders' general meeting, a lawyer shall be engaged to present a legal opinion on the following matters and make an announcement:

(1) whether or not the procedures for convening and holding the meeting are in compliance with laws, administrative regulations and these Articles of Association;

(2) whether or not the qualifications of the officers present at the meeting, and of the convenor are lawful and valid;

(3) whether or not the voting procedures at the meeting and the voting results are lawful and valid;

(4) other legal opinions to be presented on other relevant matters at the request of the Company.

### **Section 3 Convening of Shareholders' General Meeting**

**Article 73** Independent directors shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting. With respect to this proposal, the Board of Directors shall, in accordance with laws, administrative regulations and these Articles of Association, bring forward a feedback opinion in writing, within ten days of receiving the proposal, on agreeing or disagreeing with convening the extraordinary general meeting.

In the event that the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening a shareholders' general meeting within five days of making a resolution. In the event that the Board of Directors does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

**Article 74** The Supervisory Committee shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting and shall do so in writing. The Board of Directors shall, in accordance with laws, administrative regulations and these Articles of Association, bring forward a feedback opinion in writing, within ten days of receiving the proposal, on agreeing or disagreeing with convening the extraordinary general meeting.

In the event that the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening a shareholders' general meeting within five days of making a resolution. Any changes in the original proposal in the notice shall be approved by the Supervisory Committee.

In the event that the Board of Directors does not agree to convene the extraordinary general meeting or does not make any feedback within ten days of receiving the proposal, the Board of Directors shall be deemed as being unable to or as being not to perform the duty of convening the shareholders' general meeting. The Supervisory Committee may convene and preside over a meeting on their own.

**Article 75** Shareholders individually or jointly holding more than ten percent of shares of the Company shall have the right to request the Board of Director for convening an extraordinary general meeting, and shall do so in writing. The Board of Directors shall, in accordance with laws, administrative regulations and these Articles of Association, bring forward a feedback opinion in writing, within ten days of receiving the request, on agreeing or disagreeing with convening the extraordinary general meeting.

In the event that the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening a shareholders' general meeting within five days of making a resolution. Any changes in the original request in the notice shall be approved by the relevant shareholders.

In the event that the Board of Directors does not agree to convene the extraordinary general meeting or does not make any feedback within ten days of receiving the request, shareholders individually or jointly holding more than ten percent of shares of the Company shall have the right to propose to the Supervisory Committee the convening of an extraordinary general meeting, and shall do so in writing.

In the event that the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening a shareholders' general meeting within five days of receiving the request. Any changes in the original proposal in the notice shall be approved by the relevant shareholders.

In the event that the Supervisory Committee does not issue a notice of extraordinary general meeting within the prescribed time limit, it shall be deemed as being not to convene and preside over the meeting. Shareholders who individually or jointly have been holding more than ten percent of shares of the Company for consecutive ninety days may convene and preside over a meeting on their own.

In the event that the shareholders convene and hold their own meeting because the Board of Directors does not hold the meeting at the request above, the reasonable expenses incurred therefrom shall be borne by the Company, and deducted from the amount of the Company owed to delinquent directors.

**Article 76** Shareholders who request the convening of a class meeting shall do so according to the following procedures:

(1) two or more shareholders who jointly hold more than ten percent (including ten percent) of the voting shares at a proposed meeting may sign one or several copies of written request with the same format and particulars to be submitted to the Board of Directors for convening a class meeting, and state the agenda of the meeting. The Board of Directors shall, after receipt of the above written request, convene the class meeting as soon as possible. The number of shares held as referred to above shall be calculated on the basis of the date of making the written request by the shareholders.

(2) in the event that the Board of Directors does not issue a notice to convene the meeting within thirty days of receiving the above written request, the shareholders who have made such request may convene their own meeting within four months after the Board of Directors' receipt of the request. The procedures for convening the meeting shall be as similar as possible to the Board of Directors' procedures for convening a shareholders' general meeting.

In the event that the shareholders convene and hold their own meeting because the Board of Directors does not hold the meeting at the request above, the reasonable expenses incurred therefrom shall be borne by the Company, and deducted from the amount of the Company owed to delinquent directors.

**Article 77** In the event that the Supervisory Committee or a shareholder decides to

convene a shareholders' general meeting on its own, it or he shall notify the Board of Directors in writing and report the same to the Fujian Bureau of CSRC and the stock exchange of the place where the Company is listed for the record.

Before making an announcement on a resolution made at the shareholders' general meeting, the percentage of shares held by the convening shareholders may not be less than ten percent.

The convening shareholders shall submit relevant evidence to the Fujian Bureau of CSRC and the stock exchange of the place where the Company is listed when giving a notice of shareholders' general meeting and making an announcement on the resolutions made at such meeting.

**Article 78** The Board of Directors and the secretary of the Board of Directors shall cooperate with the Supervisory Committee or the shareholders in convening a shareholders' general meeting on their own. The Board of Directors shall provide the register of shareholders as at the record date.

**Article 79** The Company shall bear the expenses necessary for a shareholders' general meeting convened by the Supervisory Committee or the shareholders on their own, and deducted from the amount of the Company owed to delinquent directors.

#### **Section 4 Proposal and Notice of the Shareholders' General Meeting**

**Article 80** The particulars of a proposal shall be part of the terms of reference of a shareholders' general meeting, containing clear issues and specific matters for resolutions, and being in compliance with laws, administrative regulations and relevant provisions hereof.

**Article 81** The Board of Directors, the Supervisory Committee and shareholders individually or jointly holding more than three percent of shares of the Company shall have the right to submit proposals to the Company on holding a shareholders' general meeting, and these proposals shall be submitted or served in writing.

Shareholders individually or jointly holding more than three percent of shares of the Company may bring forward provisional proposals and submit the same in writing to the

convenor ten days prior to the shareholders' general meeting or before the deadline of issuing a supplementary circular of shareholders' general meeting as required by the Hong Kong Listing Rules, whichever is earlier. The convenor shall issue a supplementary notice of shareholders' general meeting within two days of receiving the proposals to publish particulars of the provisional proposals, and shall submit the provisional proposals to the shareholders' general meeting for consideration.

Unless otherwise provided in the preceding paragraph, the convenor may not amend the proposals set out in the notice of shareholders' general meeting, or add new proposals after issuing an announcement on the notice of shareholders' general meeting.

No voting may take place and no resolutions may be made at the shareholders' general meeting on proposals which are not set out in the notice of shareholders' general meeting or do not meet the requirements of Article 80 hereof.

**Article 82** To hold a shareholders' general meeting, the Company shall issue a notice stating the matters to be considered and the date and venue of the meeting to shareholders whose names stand on the register of members twenty business days prior to the meeting; to hold an extraordinary general meeting, the Company shall issue a notice stating the same ten business days or fifteen days (whichever is longer) prior to the meeting.

The date on which the meeting is convened and held shall not be included when calculating the starting term.

**Article 83** Matters not stated in an announcement may not be decided at an extraordinary general meeting.

**Article 84** A notice of shareholders' general meeting shall meet the following requirements:

- (1) it shall be given in writing;
- (2) it shall designate the time, place and duration of the meeting;
- (3) it shall contain matters and proposals to be considered at the meeting;

(4) it shall provide shareholders with required information and explanations to enable the shareholders to make sensible decisions on the matters discussed. This policy shall include (but not limited to) the provision of specific conditions and contracts (if any) for a contemplated transaction at the time when the Company proposes a merger, buyback of shares, reorganization of share capital or other reorganization, as well as the giving of serious explanations as a result of the causes and consequences thereof ;

(5) in the event any directors, supervisors, general manager or other senior management officers have a significant interest in the matters to be discussed, they shall disclose the nature and extent of such interest; in the event that the impact of the matters to be discussed on the directors, supervisors, general manager and other senior management officers as shareholders is different from that on the other shareholders of the same class, the notice shall explain the difference;

(6) it shall contain the full text of any special resolution to be passed at the meeting;

(7) it shall explain in clear text that the shareholders who have the right to attend and vote can appoint one or more proxy in writing to attend the meeting and to vote thereat. The proxy needs not be a shareholder.

(8) it shall contain the time and place of serving a power of attorney of the voting proxy at the meeting;

(9) it shall contain the record date on which shareholders have the right to attend the shareholders' general meeting;

(10) it shall contain the names and telephone numbers of permanent contact persons for the affairs of the meeting.

The notice and supplementary notice of the shareholders' general meeting shall fully and completely disclose all specific details of all proposals. In the event that independent directors are required to express their opinions on the matters to be discussed, a notice of shareholders' general meeting or a supplementary notice shall, when given, also disclose the opinions and reasons of the independent directors.

In the event that a shareholders' general meeting is held through a network or otherwise, the notice of shareholders' general meeting shall explicitly state the voting time and voting procedures on the network or otherwise. Voting at the shareholders' general meeting on the network or otherwise shall commence not earlier than 3:00 pm on the day prior to an on-site shareholders' general meeting, and not later than 9:30 am on the day of the on-site shareholders' general meeting, and shall finish not earlier than 3:00 pm on the day of closing the on-site shareholders' general meeting.

Once the record date is confirmed, no change may be made thereto.

**Article 85** In the event that the election of directors and supervisors is to be discussed at a shareholders' general meetings, the notice of shareholders' general meetings shall fully disclose details of candidates for the directors and supervisors, and shall at least include the following particulars:

(1) their educational background, work experience, part-time jobs and other personal details;

(2) whether or not they have any connections with the Company or the Company's controlling shareholders and de facto controllers;

(3) the disclosed number of shares of the Company they hold;

(4) whether or not they have been penalized by the securities regulatory body under the State Council and other relevant departments, and disciplined by the stock exchange.

In addition to adopting the cumulative voting system to elect directors and supervisors, a single proposal on each of the candidates for directors and supervisors shall be submitted.

**Article 86** Unless otherwise prescribed by the Articles of Association, the notice of a general meeting of shareholders shall be served on shareholder (whether or not such shareholder is entitled to vote at the general meeting of shareholders) by personal delivery or pre-paid mail to the address of the shareholder as shown in the register of shareholders. For the domestic shareholders, the notice of a general meeting of shareholders can also be served by means of public announcement.

The aforesaid announcement shall be published in one or more newspapers designated by the securities regulatory authority of the place where the Company is listed. All holders of the domestic shares shall be deemed to have received the notice of the relevant general meeting of shareholders upon the publication of such announcement.

Subject to the laws, administrative regulations, normative documents and relevant listing rules of the securities regulatory authority of the place of listing of the Company's shares and fulfilling relevant prescribed procedures, the Company can issue the notice of shareholders' general meeting to the holders of overseas listed foreign shares by publication on the website of the Company or those designated by Hong Kong Stock Exchange or otherwise permitted by Hong Kong Listing Rules and these Articles of Association in lieu of distributing the relevant information to the holders of overseas listed foreign shares by hand or by postage prepaid mail.

**Article 87** In the event that, due to accidental omission, the notice for meeting is not sent to any person entitled thereto or such person does not receive the notice, the meeting and any resolution made thereon shall still be effective.

**Article 88** After a notice of shareholders' general meeting is given, the shareholders' general meeting shall not be postponed or canceled, and the proposals set out in the notice of shareholders' general meeting shall not be canceled without due reason. Once the meeting is postponed or cancelled, the convenor shall make an announcement and explain the reasons at least two working days prior to the scheduled meeting date.

## **Section 5 Holding General Meetings of Shareholders**

**Article 89** The Board of Directors and other conveners of the Company shall take all necessary measures to ensure the normal order of the general meeting of shareholders. Measures shall be taken to prevent any disturbance, provocation or nuisance to the order of the meeting and any acts infringing the lawful interests of the shareholders, and such matters shall be promptly reported to the relevant authorities.

**Article 90** All shareholders or their proxy recorded in the register on the record date shall have the right to attend general meetings and exercise the rights to vote in accordance with the relevant law, regulations and the Articles of Association.



A shareholder may attend a general meeting in person, and also may entrust his/her proxy(ies) to attend the meeting and vote on his/her behalf.

**Article 91** Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxies to attend and vote on his behalf. The said proxy may exercise the following rights as granted by the said shareholder:

(1) To exercise the shareholder's right to speak at the general meeting;

(2) To severally or jointly request to vote by ballot;

(3) Unless otherwise stated in applicable rules governing the listing of securities or other laws and regulations on securities, to exercise the right to vote by a show of hand or ballot. Where there is more than one proxy, the said proxy shall only vote by ballot.

If the shareholder is a Recognized Clearing House (or proxy thereof) as defined in relevant regulations formulated by Hong Kong from time to time, the said shareholder may authorize one or more persons as he deems appropriate to act on his behalf at any general meeting or class general meeting; however, where several persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons. The power of attorney shall be signed by the respective proxies appointed by the authorized clearing house. The persons thus authorized may attend the meetings (without being required to present share certificate, certified authorization and/or further evidence of due authorization) and exercise rights on behalf of the Recognized Clearing House (or proxy thereof) as if the said persons were the personal shareholders of the company.

**Article 92** The power of attorney shall be in writing under the hand of the principal or his proxy duly authorized in writing or, if the principal is a legal person or other institution, it shall be under seal or under the hand of its legal representative (or director) or proxy duly authorized.

A personal shareholder attending a general meeting in person shall present his/her identity card or other identity certificate or stock account card; a proxy attending a general meeting on

behalf of a personal shareholder shall present his/her identity card and power of attorney of the shareholder.

For a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and power of attorney issued by the legal representative of the legal person as shareholder.

**Article 93** The power of attorney issued by a shareholder authorizing another person to attend the general meeting of shareholders shall state the following information:

(1) the full name of the proxy;

(2) whether the proxy has voting power;

(3) the respective instructions on voting for, against or abstain on each matter to be considered on the agenda of the general meeting of shareholders;

(4) the issuance date and the validity period of the power of attorney;

(5) the signature (or the seal) of the principal or his proxy who he duly authorized in writing. If the shareholder is a legal person, the seal of legal person entity shall be affixed, or being signed by its director or proxy.

**Article 94** Any form of power of attorney issued by the Board of Directors of the Company to any shareholder to appoint a proxy shall allow the shareholder to freely choose to direct the shareholder proxy to cast a pro vote or a nay vote or a abstention vote at the general meeting and respectively state the matters to be voted of every proposal. The power of attorney shall state that, if the shareholder does not make any direction, the proxy may vote at his/her discretion.

**Article 95** The power of attorney for voting shall be deposited at the domicile of the company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time.

Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be delivered to the company's domicile or other location as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board of Directors or other decision making body shall attend the general meeting of the company.

**Article 96** A vote given in accordance with the terms of the proxy statement shall be valid notwithstanding the death, loss of capacity, revocation of the proxy statement, revocation of the power of attorney to sign the proxy statement or the transfer of the share(s) in respect of which the proxy is given prior to voting, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the company before the commencement of the meeting.

**Article 97** The Company is responsible for producing a register of the attendees of the meeting. The register shall clearly bear the names (or the organization names) of the attendees, their identity card numbers, home addresses, the number of shares carrying voting rights held or represented, the names (or the organization names) of the proxies and so on.

**Article 98** The convener and the lawyer engaged by the Company shall together verify the validity of the qualification of the shareholders in accordance with the register of shareholders provided by the shares registration and clearing institution, and register the name (or designations) of the shareholders and the number of shares carrying voting rights held by them. The registration for the meeting shall end before the chairman of the meeting declares the number of the shareholders and the proxies present at the meeting as well as the total number of shares carrying voting rights held by them.

**Article 99** If the general meeting is held, all directors, the supervisors and secretary to the Board of Directors of the Company shall be present the meeting, while the chief executive and other senior management officer shall also attend.

**Article 100** Where the shareholders' general meeting is convened by the Board of Directors, the Chairman shall preside over the meeting and act as the chairman of the meeting. If the Chairman is unable to attend due to some reasons, the Vice Chairman of the Board of Directors shall convene and act as the chairman of the meeting. If both the Chairman and the Vice Chairman are unable to attend, the Board of Directors may appoint one director to convene and act as the chairman of the meeting. If no chairman is appointed, shareholders present at the meeting may elect one of the participants of the meeting to act as the chairman. If shareholders fail to elect a chairman due to any reasons, the shareholder (including his proxy) attending the meeting and holding the most voting shares shall act as the chairman.

General meeting of shareholders convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is unable or fails to perform his/ her duties, the supervisor elected by more than half of the directors shall preside over the meeting.

General meeting of shareholders convened by the shareholders shall be presided over by a representative nominated by the convener.

During a general meeting of shareholders, if the chairman of the meeting violates the rules of procedures of meeting and the general meeting of shareholders cannot proceed as the result thereof, a person may be elected at the general meeting of shareholders to act as the chairman of the meeting to proceed with the meeting, subject to the approval of more than half of shareholders carrying voting rights present at the meeting.

**Article 101** The Company shall formulate the Rules of Procedures of General Meetings of Shareholders which specifies the rules of convening the general meeting of shareholders and the voting procedure in the general meeting of shareholders and other matters including the notice, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formulation of resolutions, meeting minutes and its signing, announcement, the principle of conferring powers on the Board of Directors and the specific content of such powers of the general meeting of shareholders. The Rules of Procedures of General Meetings of shareholders shall be drafted by the Board of Directors and approved by the general meeting of shareholders and shall act as the appendix of this articles.

**Article 102** At the annual general meeting of shareholders, the Board of Directors and the Supervisory Committee shall report to the general meeting of shareholders on their work over the previous year. Each and every independent director shall also submit his/her duty report.

**Article 103** The directors, the supervisors and senior management officer shall provide explanations and illustrations for the enquiries and recommendations made by the shareholders at the general meeting of shareholders.

**Article 104** The chairman of the meeting shall announce the number of the shareholders and their proxies at the on-site meeting and shares held by them before voting. The number of shares carrying voting rights held by the shareholders and their proxies present at the on-site meeting shall be based on the register of the attendees of the meeting.

**Article 105** Minutes of the general meeting of shareholders shall be prepared by the Secretary to the Board of Directors and the following shall be recorded therein:

(1) the time, the venue, the agenda and the name or the designation of the convener of the meeting;

(2) the names of the chairman of the general meeting of shareholders, and names of the directors, the supervisors, general managers and other senior management officers who are present at or attend the meeting;

(3) the number of shareholders and proxies, the total number of shares carrying voting rights held by them and the percentage to the total number of the shares of the Company;

(4) the process of consideration, the summary of speeches and the voting results for each proposal;

(5) the enquiries or recommendations raised by the shareholders and the corresponding explanations or clarification;

(6) the names of the lawyer, the vote counters and the vote scrutinizers;

(7) the total number of the shares carrying voting rights held by the holders of domestic

shares (including their proxies) and the holders of overseas listed foreign shares (including their proxies), and the respective percentage of the shares carrying voting rights held by them to the total number of the shares of the Company;

(8) in recording the voting results, the details of the voting made by the shareholders of domestic listed shares and foreign listed shares respectively shall also be included;

(9) any other matters that shall be recorded in the minutes as required by the Articles of Association of the Company.

**Article 106** The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, the supervisors, the secretary to the Board of Directors, the convener or his/ her representative, the chairman (chairperson) and the responsible person for taking the minutes of the meeting shall sign on the minutes. The minutes shall be kept, together with other valid information such as the book of signatures of the shareholders present at the meeting and the power of attorney for the proxies, and the valid information regarding the voting via the Internet or other means, for no less than 10 years.

**Article 107** The convener shall ensure the general meeting of shareholders is held without adjournment until the final resolution is reached. Where special reasons such as force majeure and so on cause a suspension of the meeting or non-adoption of resolution, necessary measures shall be taken to resume the meeting, or to end the meeting directly and the same shall be stated in an announcement in a timely manner. Meanwhile, the convener shall report the same to Fujian Bureau, CSRC and the stock exchange on which the shares of the Company are listed.

## **Section 6 Voting and Resolutions at General Meetings of Shareholders**

**Article 108** Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be approved by votes representing more than half of voting rights held by shareholders (including proxies thereof) present at the general meeting.

Special resolutions shall be adopted by shareholders representing 2/3 or more of the

voting rights of the shareholders (including proxies thereof) in presence.

**Article 109** The following issues shall be approved by ordinary resolutions at a general meeting:

- (1) Reports of the Board of Directors and board of supervisors;
- (2) Profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) Appointment and removal of the members of the Board of Directors and the board of supervisors, their remunerations and the method of payment thereof;
- (4) Annual budgets, final accounts, balance sheets, income statements, and other financial statements of the company;
- (5) Annual reports of the company; and
- (6) Other matters other than those required by laws, administrative regulations, or by the listing rules of stock exchange on which the shares of the company are listed or by the Articles of Association to be approved by a special resolution.

**Article 110** The following issues shall be approved by special resolutions at a general meeting:

- (1) Increase or reduction in the registered capital of the Company and the issue of shares of any class, warrants and other similar securities;
- (2) Issue of corporate bonds;
- (3) Split-up, merger, dissolution and liquidation of the Company;
- (4) Amendments to the Articles of Association;
- (5) The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;

(6) Purchase of its own shares by the Company under the circumstance as mentioned in item (1) under Article 30 of the Articles of Association;

(7) Equity incentive scheme; and

(8) Any other matter specified in the laws, administrative regulations, the listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.

**Article 111** Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote.

Where material issues considered at a general meeting affect the interests of minority investors, the votes of minority investors shall be counted separately. The results of the separate votes shall be disclosed publicly in a timely manner.

Shares in the company which are held by the company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

The Board of Directors, independent directors and qualified shareholders may collect voting rights from shareholders publicly. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 112** For connected transactions to be considered at a general meeting of shareholders, the connected shareholders shall not participate in the voting on such connected transactions, and the number of shares carrying voting rights they represent shall not be counted into the valid quorum for voting; The announcement of the resolutions passed at the general meeting of shareholders shall fully disclose the voting of the non-connected shareholders. If the connected shareholders need to make on-site explanation according to the



laws, regulations, rules, regulatory documents and the relevant requirements of the securities regulatory authority of the place where the Company's shares are listed, they have the responsibility and obligation to make truthful explanations at the meeting. The definition and category of connected shareholders shall be determined in accordance with the relevant provisions of the securities regulatory authority and stock exchange of the place where the Company's shares are listed.

Where resolutions are made at the general meeting in respect of relevant connected transactions, they are approved by over half or by more than two-thirds of voting rights held by the non-connected shareholders present at the meeting (depending on the difference of the ordinary and special resolutions). The voting on connected transactions shall be counted and scrutinized by two representatives from non-connected shareholders.

**Article 113** The chairman of the meeting shall determine whether or not a resolution of the general meeting shall be adopted based on the voting result. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the meeting minutes.

**Article 114** Subject to ensuring the legitimacy and effectiveness of the general meeting, the Company shall provide convenience to the shareholders to attend the general meeting through various methods and ways, preferably modern information technologies such as providing online voting platform, etc.

When the Company convenes a shareholders' general meeting for the matters relating to the issue of preference shares, online voting shall be made available for the meeting and the Company shall make it convenient for shareholders to attend the shareholders' general meeting through other means as approved by the securities regulatory authority of the place where the Company's shares are listed.

When the matters are considered at the general meeting, online voting shall be available for the shareholders:

(1) the shares, convertible corporate bonds and other securities approved by the securities regulatory authorities of the State Council to be issued by the Company;

(2) the major assets restructuring of the Company;

(3) the substantial connected transactions in which the listed Company is to purchase connected persons' assets at a price that exceeds their book value by 100%;

(4) equity incentive scheme of the Company;

(5) repayment of their debts by the shareholders owed to the Company by the shares held by them;

(6) the relevant issues which have material effects on the benefits of the Company and public shareholders;

(7) the issues required by the Company's Articles of Association to provide online voting;

(8) the issues required by Shanghai Stock Exchange to provide online voting.

Where the online voting is available at the general meeting, the Company shall be well prepared to publicize and explain the proposals through various forms to medium and small investors.

**Article 115** The Company shall not, without approval by special resolution at the general meeting of shareholders, enter into contract with any person other than the directors, general managers and other senior management officers of the Company where the Company agrees to hand over the management of all or major businesses of the Company to such person, except under special circumstances such as where the Company is in a crisis.

**Article 116** The list of candidates for the positions of the directors and the supervisors shall be submitted as proposal for voting at the general meeting.

Directors and supervisors shall be nominated in the following manners and procedures:

(1) The nomination proposals can be submitted to the general meeting by the Board of Directors and the board of supervisors in respect of the candidates for the positions of the directors and the supervisors from the shareholder representatives respectively. Shareholder(s)

separately or aggregately holding more than 3% shares of the company may nominate the candidates for the positions of the directors and the supervisors from the shareholder representatives. The Board of Directors, the Supervisory Committee and shareholder(s) separately or aggregately holding more than 1% shares of the company may nominate the candidates for the positions of the independent directors.

(2) Employee supervisors shall be elected democratically at the employee representatives' meetings, employees' meetings or in other forms.

(3) The nomination way and procedure for the independent directors shall be executed in accordance with the laws, administrative regulations and the relevant requirements of departmental rules.

Where shareholder(s) separately or aggregately holding more than 3% shares of the company nominate the candidates for the positions of the directors or the supervisors representing shareholders through the proposal, the aforesaid proposal shall be submitted to the Board of Directors or the Supervisory Committee ten days before a general meeting is convened in writing and the number of the candidates for the positions of the directors and the supervisors in the proposal shall not exceed the number required by the Articles of Association, and the biographies and basic information in respect of each candidate shall be supplied at the same time.

**Article 117** Resolutions in respect of the election of directors or supervisors may be passed by way of cumulative voting at the general meeting pursuant to the Articles of Association or resolution of the general meeting. Cumulative voting shall be adopted for election of more than two non-independent directors, independent directors and supervisors at the general meeting of the Company.

Cumulative voting mentioned in the Articles of Association means that when directors or supervisors are being elected at a general meeting, each share has as many voting rights as the candidates for directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner. The Board of Directors shall provide shareholders with the brief biographies and background information of the director or supervisor candidates.

The specific procedure of accumulative voting is as follows:

(1) non-independent directors, independent directors and supervisors of the Company shall be elected separately through separate voting.

(2) the number of vote represented by each share shall be equivalent to the number of the candidates for non-independent directors, independent directors and supervisors proposed to be elected. Shareholders may cast the votes on various candidates or cast all votes on one candidate.

(3) the sum of votes cast by shareholders on the candidates of non-independent directors, independent directors and supervisors shall not exceed the total voting rights granted for the election of non-independent directors, independent directors and supervisors, otherwise their votes will become invalid.

(4) based on the number of votes casted on each of the candidates of non-independent directors, independent directors and supervisors and the number of candidates proposed to be elect, candidates who got the most votes shall be elected, and the votes of the non-independent directors, independent directors and supervisors shall exceed the votes representing more than half of voting rights held by shareholders (including proxies thereof) present at the general meeting.

(5) In the event that the votes of two or more candidates of non-independent directors, independent directors and supervisors are equivalent and their votes are the least among the candidates of the same class, if the number of non-independent directors, independent directors and supervisors exceeds the number that should be elected with all candidates elected, the re-election shall be carried out in respect of the candidates whose votes are equivalent; if those candidates cannot be determined by re-election, the election will be carried out by the Company at the next general meeting in respect of such candidates.

(6) If the number of the elected non-independent directors, independent directors and supervisors is less than the expected, the Company shall elect the absent members at the subsequent general meeting in accordance with the provisions of the Articles of Association.

**Article 118** Except for the cumulative voting system, the general meeting shall vote on all proposals item by item, and shall vote on the basis of time sequence in case that more than one proposal which is for one matter are received. The general meeting shall not shelve or take no votes on any proposal, unless the meeting is adjourned or unable to make any resolution due to any special reasons, e.g., force majeure.

**Article 119** When reviewing any proposal, the general meeting shall make no change to the proposal; otherwise, the relevant alteration shall be deemed as a new proposal and shall not be voted at the current general meeting.

**Article 120** Any voting right may be exercised through only one means: on site, online or any other means. The first voting result shall prevail where one voting right is repeatedly exercised.

**Article 121** Shareholders may vote by hand in a general meeting, unless relevant regulations of securities regulatory authority at the location where the shares of the company are listed require ballot voting, or other laws and regulations provide otherwise, or the following persons require ballot voting before or after hand voting:

- (1) chairman of the meeting;
- (2) at least two shareholders or their proxies with voting rights; and
- (3) one or several shareholders (including their proxies) holding more than 10% (inclusive) of the voting shares in the meeting, whether separately or aggregately.

Unless relevant regulations of securities regulatory authority at the location where the shares of the company are listed require ballot voting, or other laws and regulations provide otherwise, or someone proposes ballot voting, the chairman of the meeting shall announce the adoption status of the proposal according to the hand voting result, and record it in the meeting minutes as the final basis without demonstrating the affirmative or negative votes or their proportion for the resolution adopted in this meeting.

The request for ballot voting can be withdrawn by the proposer.

**Article 122** If the issue required to be voted by ballot relates to election of chairman or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the chairman may decide the time of voting by ballot, and the meeting may proceed to consider other issue. The voting results shall still be deemed as resolutions passed at the said meeting.

**Article 123** In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all his votes in the same way of pros or cons or abstain from voting.

**Article 124** If pros and cons are equal, either by show of hands or by ballot, the chairman shall be entitled to an additional vote.

**Article 125** The general meeting shall, prior to the voting on any proposal, elect two representatives from shareholders to take part in vote counting and polling scrutiny. In the event that any shareholder is interested in the matter to be considered, the shareholder and his proxy shall not take part in vote counting and polling scrutiny.

When the general meeting votes on any proposals, lawyers, representatives of shareholders and supervisors, shall be jointly responsible for vote counting and polling scrutiny and the voting results shall be announced on the spot. Voting results on the resolutions shall be recorded in the minutes of the meeting.

Shareholders or their proxies who vote online or by any other means shall be entitled to check their voting results via the relevant voting system.

**Article 126** The on-the-spot General Meeting shall not end earlier than the end of the meeting held online or by any other means, and the presider of the meeting shall announce the voting results on each proposal at the on-the-spot meeting and whether the proposal is adopted based on the voting results.

All parties involved in the voting on the spot, online or by any other means at the General Meeting, including the Company, vote counters, scrutineers, major shareholders and network service providers, shall be obliged to keep confidential the voting before the voting results are formally announced.

**Article 127** Shareholders who attend the shareholders' general meeting shall take one of the following stances when a resolution is put forward for voting: for, against or abstain, save for the circumstance that the securities registration and settlement institution acting as the nominal holder of shares under the Shanghai-Hong Kong Stock Connect makes reporting in accordance with the instruction of the actual holders of relevant shares.

Any votes which are uncompleted, erroneously completed or illegible or uncasted votes shall be counted as an abstention of voting rights and the outcome of votes shall be counted as "abstain".

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

**Article 128** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' general meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder and proxy present who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

If votes are counted at a general meeting, the counting result shall be recorded in the minutes.

**Article 129** Such minutes, shareholders' attendance registers and proxy forms shall be kept at the Company's registered address.

**Article 130** Copies of the minutes of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within 7 days after receipt of reasonable fees.

**Article 131** The resolution of the general meeting shall be announced in a timely manner in accordance with relevant regulations of securities regulatory authority and stock exchange at the location where the shares of the company are listed. The announcement shall comply with relevant regulations and set out (including but not limited to) the number of shareholders and proxies attending the meeting, the total number of shares held and its percentage to the total number of voting shares of the Company, the voting method, the voting result of each resolution and the details of each of the resolutions passed.

**Article 132** If the resolution is not passed, or if the resolution passed at the preceding general meeting is amended at the current general meeting, a special note shall be made in the announcement of the resolutions of the general meeting.

**Article 133** Where a general meeting has passed the resolutions for electing directors and supervisors, the newly elected directors and supervisors shall assume their office immediately thereafter.

**Article 134** Where any motions in relation to the distribution of profits, issue of bonus shares or capital increase by way of realization of capital reserve fund are passed at the general meeting, the Company shall implement the specific proposal within 2 months from the closing of the general meeting.

### **Section 7 Specific Proceedings for Voting by Class Shareholders**

**Article 135** Any shareholder who holds different types of shares is a holder of share of that class.

Holder of shares of that class shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and these Articles of Association.

**Article 136** Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders at a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 138 to 142.

**Article 137** In the following conditions, rights of a class of shareholders shall be deemed



to have been changed or abrogated:

(1) an increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(2) a change of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;

(3) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

(4) a reduction or removal of a dividend preference or property distribution preference during liquidation of the company, attached to shares of such class;

(5) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the company attached to shares of such class;

(6) a removal or reduction of rights to receive amounts payable by the company in a particular currency attached to shares of such class;

(7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(8) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;

(9) an issuance of rights to subscribe for, or convert into, shares of such type or other classes;

(10) an increase in the rights and privileges of shares of other classes;

(11) restructuring of the company causing shareholders of different categories to bear

liability to different extents during the restructuring; or

(12) an amendment or cancellation of the above provisions.

No approval by a class meeting is required for variation or abrogation of rights of class shareholders resulting from any change in laws, regulations and the listing rules of the place where the Company's securities are listed, and those resulting from decisions made by domestic and overseas regulatory authorities in accordance with the laws.

**Article 138** Shareholders of the affected class, whether or not otherwise having the right to vote at a general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) to (12) of Article 137, but interested shareholder(s) shall not be entitled to vote at such class meetings.

Interested shareholders referred to above shall have the following meanings:

(1) after the company has made a repurchase offer to all shareholders equally pro rata or made a repurchase by means of public transaction at the stock exchange in accordance with Article 31 of the Articles of Association, "interested shareholders" refers to the controlling shareholders defined in Article 67 of the Articles of Association;

(2) after the company has made a repurchase by means of agreement outside the stock exchange in accordance with Article 31 of the Articles of Association, "interested shareholders" refers to the shareholders concerned with this agreement;

(3) in the company's restructuring plan, "interested shareholders" refers to those shareholders who assume responsibilities with smaller proportion than other shareholders of the same class or those shareholders who enjoy different interests from other shareholders of the same class.

**Article 139** Resolutions of a class general meeting shall be approved by votes representing more than two thirds of the voting rights of class shareholders present at the meeting who, in accordance with Article 138 of the Articles of Association, are entitled to vote at the meeting.

**Article 140** A notice of a class meeting shall be given with reference to the notice period for holding an extraordinary general meeting under Article 82 of the Articles of Association to all shareholders who are registered as holders of that class in the register of shareholders stating the matters to be considered and the date and venue of the class meeting.

**Article 141** Notice of class meetings shall only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. The provisions of these Articles of Association relating to the manner for the conduct of general meetings shall be applicable to class meetings.

**Article 142** Other than holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed as shareholders of different classes.

Special procedures for voting by shareholders of different classes do not apply to the following circumstances:

(1) where the company issues, upon the approval by special resolution of its shareholders at a general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued domestic shares and overseas listed foreign shares;

(2) where the company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is carried out within fifteen months from the date of approval of the securities regulatory authority under the State Council;

(3) domestic shares of the company, after approval from the securities regulatory authority under the State Council and other examination and approval authorities (including but not limited to Securities and Futures Commission and SEHK, if applicable) can be converted to foreign shares and be listed and traded on an overseas stock exchange.

## **Chapter 5 Board of Directors**

### **Section 1 Directors**

**Article 143** Directors of the company are natural persons, and need not hold shares of the Company.

The election, appointment or engagement of directors shall be invalid if the election or appointment violates the requirements of this Article. The Company shall remove a director if any of the circumstances stated in Article 211 applies during his term of office.

**Article 144** Directors shall be elected or replaced at general meetings and shall each serve a term of three years. The term of a director is renewable by re-election after its expiry.

A written notice stating the intention to nominate a candidate for the position of director and the candidate's consent to be nominated shall be delivered to the Company at least 7 days before the general meeting. The Company shall allow a notice period of no less than 7 days commencing from the day following the date of the notice of general meeting for the submission of the aforesaid notices.

Prior to the maturity of his/her term, a director shall not be removed without reason from his/her office by a general meeting.

Subject to all relevant laws and administrative regulations and without prejudice to any potential claim which may be made under any contract, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office.

The term of office of a director shall commence from the date of appointment until the expiry of the current session of the board of directors. If the term of office of a director expires but re-election is not made, the original directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the provisions of the Articles of Association until a new director is elected and assumes office. Directors may concurrently serve as general manager or senior management personnel of the Company, provided that the total number of directors who concurrently serve as general manager or

senior management personnel of the Company shall not exceed half of the total number of the Company's directors.

**Article 145** The directors are required to comply with the laws, administrative regulations and the Articles of Association, and to carry out their duties in good faith and diligence. They are obliged:

(1) not to make use of their powers to accept bribes or other unlawful income and appropriate the Company's properties;

(2) not to misappropriate the Company's funds;

(3) not to deposit the Company's assets or funds into accounts under their own names or the name of other individuals;

(4) not to lend the Company's funds to others or provide guarantees in favor of others with the Company properties as collaterals in violation of the Articles of Association or without approval of the general meeting or board of directors;

(5) not to enter into contracts or dealing with the Company in violation of the Articles of Association or without prior approval of general meeting;

(6) not to make use of their positions to procure business opportunities for themselves or others that shall have otherwise been available to the Company, or operate for their own benefit or managing on behalf of others businesses similar to those of the Company without approval of the general meeting;

(7) not to accept for their own benefits commission in any deal with the Company;

(8) not to divulge without authorization confidential information of the Company;

(9) not to take advantage of their connected relationship to prejudice the interests of the Company;

(10) to perform other fiduciary duties specified in the laws, administrative regulations,

departmental rules and the Articles of Association.

Income generated by directors in violation of this Article shall be of the benefit of the Company. A director who incurs any loss to the Company shall be liable to the Company for compensation.

**Article 146** The directors shall comply with the laws, administrative regulations and the Articles of Association, and shall owe the following diligent duties to the Company:

(1) exercising the rights conferred by the Company prudentially, carefully and diligently to ensure that commercial operations of the Company are conform to the laws, administrative regulations and various requirements of economic policies, and that commercial activities of the Company will not exceed the scope of business specified in the business license;

(2) treating all of the shareholders equally;

(3) understanding the Company's business operation and management in a timely manner;

(4) signing a written confirmation or opinion in connection with the regular reports of the Company and ensuring that the information disclosed by the Company is true, accurate and complete;

(5) providing relevant facts and information truthfully to the supervisory committee, and not hindering the supervisory committee or the supervisors from exercising their authorities;

(6) other diligent duties specified in the laws, administrative regulations, departmental rules and the Articles of Association.

**Article 147** If a director fails to attend the meeting of the board of directors in person or fails to appoint any other director to attend on his behalf as his proxy for two consecutive times, he shall be deemed to be unable to perform his duties, and the board of directors shall propose to the general meeting to dismiss him.

**Article 148** A director may resign prior to the expiry of his term of service. When a

director intends to resign, he shall submit a written resignation to the board of directors. The board of directors shall disclose this information within 2 days.

If the number of directors is less than the minimum number of directors required by law due to the resignation of a director during his term of office, then such director shall continue to perform his duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected and assumes his office.

Except the aforesaid circumstances, the resignation of a director shall become effective when the report of resignation is served on the board of directors.

**Article 149** Directors shall handover his works to the board of directors upon resignation or expiry of their term of office. The obligations of fidelity to the Company and shareholders shall not automatically discharge with the expiry of their terms of office.

Directors' obligation of confidentiality in respect of the Company's secrets survives after the termination of his tenure until the same is made public. In addition, they should comply with the fiduciary obligation stipulated by Article 145 of the Articles of Association within one year after the termination of his tenure.

**Article 150** A director may not act personally on behalf of the Company or the board of directors unless otherwise provided by these Articles or legal authorization is granted by the board of directors. If such director acts personally and third parties may believe such director is acting on behalf of the Company or the board of directors, he shall declare his own position and identity in advance.

**Article 151** Directors who are in breach of laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties shall be liable to compensate the Company for any loss so caused.

**Article 152** The independent directors shall carry out responsibilities in accordance with relevant requirements of the laws, administrative regulations and departmental rules.

## **Section 2 Board of Directors**

**Article 153** The Board of Directors of the Company shall be established to report to the Shareholders' general meeting.

**Article 154** The Board of Directors shall consist of nine directors, among which three are independent directors. The Board of Directors shall have one chairman and one vice chairman.

**Article 155** The Board of Directors shall exercise the following powers:

- (1) Convening general meetings and presenting reports thereto;
- (2) Implementing the resolutions made at the general meetings;
- (3) Determining the Company's business and investment plans;
- (4) Working out the Company's annual financial budget plans and final account plans;
- (5) Working out the Company's profit distribution plans and loss recovery plans;
- (6) Working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of bonds or other securities and listing plans;
- (7) Formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company form;
- (8) Deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorized by the general meeting;
- (9) Making decisions on the establishment of the Company's internal management departments;
- (10) Appointing or dismissing the Company's general manager and the secretary of the Board of Directors and determine their remunerations, rewards and punishments, and



appointing or dismissing the Company's deputy general manager, chief financial officer and other senior executives and determine their remunerations, rewards and punishments;

(11) Working out the Company's basic management system;

(12) Formulating the proposals for any amendment to the Articles of Association;

(13) Managing the information disclosure of the Company;

(14) Proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting;

(15) Hearing the work report of the general manager of the Company and examining the general manager's work;

(16) Purchasing its own shares by the Company under any of the circumstances as mentioned in items (3), (5) and (6) under Article 30 of the Articles of Association, unless such purchase is subject to the approval of the shareholders' meeting as provided by laws, administrative regulations, departmental rules, the listing rules of the stock exchanges on which the shares of the Company are listed;

(17) Exercising other powers conferred by laws, administrative regulations, departmental rules or the Articles of Association.

The Board of Directors may resolve on the issues specified in the preceding paragraphs by approval of more than half of the directors save for the issues specified in Items (6), (7), (12) and by laws, administrative regulations and the Articles of Association, in which approval of more than two thirds of the directors is required. Issues beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration.

**Article 156** The Board of Directors shall explain to the general meeting any non-standard audit opinions issued by the certified public accountants on the Company's financial statements.

**Article 157** The Board of Directors shall formulate the Rules of Procedures of the Board

in order to ensure the Board of Directors to implement resolutions approved at general meeting of shareholders, to improve working efficiency, and to ensure scientific decision-making.

**Article 158** The Board of Directors shall determine the right relating to external investment, acquisition and disposal of assets, asset mortgage, external guarantees, consigned financial management and connected transactions, and shall establish strict examination and decision making procedure; and organize relevant experts and professionals to make assessments on material investment projects and submit them to the general meeting for approval.

The right of the Board of Directors to approve matters involving use of the Company's assets, such as asset disposal (including but not limited to purchase, sale, replacement and retirement of assets), external investment, consigned financial management, consigned loans, lease of assets, and provision of guarantee for the Company's debts by mortgaging or pledging the Company's assets, shall be limited to not more than 20% of the latest audited net assets of the Company at a single time, and subject to a strict examination and decision making procedure; and if the aforesaid matters involve more than 20% of the latest audited net assets of the Company, the Board of Directors shall organize relevant experts and professionals to make assessments and submit them to the general meeting for approval.

The acquisition and disposal of assets or external guarantees of the Company in one year involving an amount over 30% of the latest audited total assets of the Company shall be subject to the resolutions made by the general meeting and approval of more than two thirds of the directors with voting rights attending the meeting.

A single donation or sponsorship involving over RMB30 million but not more than RMB60 million, and involving a cumulative amount of not more than RMB70 million in a fiscal year shall be subject to consideration and approval by the Board of Directors. A single donation or sponsorship involving over RMB60 million or involving a cumulative amount of more than RMB70 million in a fiscal year shall be subject to consideration and approval at the general meeting of the Company.

Any connected transaction between the Company and the connected natural person involving an amount less than RMB300,000 and any connected transaction between the

Company and the connected legal person involving an amount less than RMB3 million or less than 0.5% of the absolute value of the latest audited net assets of the Company shall be subject to consideration and approval by the general manager of the Company. The Company shall not provide borrowings for the directors, supervisors and senior executives directly or through subsidiaries.

Any connected transaction between the Company and the connected natural person involving over RMB300,000 (inclusive) but less than RMB30 million or involving an amount less than 5% of the absolute value of the latest audited net assets of the Company shall be subject to consideration and approval by the Board of Directors of the Company. Any connected transaction between the Company and the connected legal person involving over RMB3 million (inclusive) and accounting for over 0.5% (inclusive) of the absolute value of the latest audited net assets of the Company but involving less than RMB30 million or involving an amount less than 5% of the absolute value of the latest audited net assets of the Company shall be subject to consideration and approval by the Board of Directors of the Company.

In the event that the amount of a connected transaction entered into between the Company and the connected natural person or the connected legal person (excluding the receipt of cash assets and provision of guarantee by the Company) exceeds RMB30 million (inclusive) and represents over 5% (inclusive) of the absolute value of the latest audited net assets of the Company, the Company shall engage an intermediary with the qualification of practicing businesses related to securities and futures on the underlying transaction to conduct appraisal or audit, and submit the transaction to the general meeting of the Company for consideration and approval. For underlying transaction involving a connected transaction concerning the daily operations, no audit or appraisal is required.

Provision of guarantee by the Company for connected persons shall be submitted to the general meeting to consider subject to the approval of the Board of Directors, regardless of the amount.

The provision of the preceding clause applies where the Company provides guarantees for a shareholder whose shares are less than 5% of the Company, and the said shareholder shall be abstained from voting at the general meeting.

If the connected transactions involved matters such as provision of financial support, provision of guarantee and delegation of wealth management, the amounts concerned shall be used as the calculation standard and calculated in aggregate for the consecutive 12 months based on the types of transaction. Where approval procedures have been executed in accordance with the aforesaid provision, the transaction shall not be included in calculating the relevant scope of aggregation.

Any external guarantees (including but not limited to pledges, liens or guarantees of assets) provided by the Company in any one of the circumstances as stipulated in Article 69 of the articles and association shall be approved by the general meeting. Any provisions of external guarantees not falling within Article 69 shall be approved by the Board of Directors. The guarantees in the approval scope of the Board of Directors shall still be approved with the consent of more than two-thirds of all directors present in the meeting, apart from the pass of more than half of all directors.

For requirements above otherwise provided by laws, regulations, regulatory documents and relevant provisions of the securities regulatory authorities of the location where the Company's shares are listed and the stock exchange, those requirements shall prevail.

**Article 159** The Board of Directors shall not, without prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the four months immediately preceding the proposed disposal exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet approved by the general meeting.

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

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

For requirements above otherwise provided by laws, regulations, regulatory documents and relevant provisions of the securities regulatory authorities of the location where the

Company's shares are listed and the stock exchange, those requirements shall prevail.

**Article 160** The Board of Directors has one chairman and one vice chairman. The chairman and the vice chairman shall be elected and dismissed by more than half of all directors.

**Article 161** The chairman of the Board of Directors shall perform the following duties and powers:

- (1) to preside over general meetings and to convene and preside over board meetings;
- (2) to supervise and check the implementation of resolutions of Board;
- (3) to sign securities certificates issued by the Company;
- (4) to sign important documents of the Board and other documents which shall be signed by legal representatives of the Company;
- (5) to exercise the duties and powers of the Company's legal representatives;
- (6) to exercise the right of approving matters involving use of the Company's assets, such as asset disposal (including but not limited to purchase, sale, replacement and retirement of assets), external investment, consigned financial management, consigned loans, lease of assets, and provision of guarantee for the Company's debts by mortgaging or pledging the Company's assets, shall be limited to not more than 5%, calculated at equity attributable to owners of the Parent Company in the consolidated financial statements, of the latest audited net assets of the Company at a single time;
- (7) to determine the single donation or sponsorship involving an amount less than RMB30 million and a cumulative amount not more than RMB50 million in a fiscal year;
- (8) to exercise special disposition power on corporate affairs in accordance with the laws and the Company's interests in case of any exceptional force majeure events, including natural disaster, and report to the Board of Directors and general meeting of the Company thereafter;

(9) other duties and powers as authorised by the Board of Directors.

For requirements involved in (6) and (7) above otherwise provided by laws, regulations, regulatory documents and relevant provisions of the securities regulatory authorities of the location where the Company's shares are listed and the stock exchange, those requirements shall prevail.

**Article 162** The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman; if the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by half or more of all directors to perform such duties.

**Article 163** The Board of Directors shall hold at least four regular meetings every year, which shall be convened by the chairman, with the notice of meeting sent in writing to all the directors and supervisors 14 days in advance.

If the chairman is unable to convene or preside over the meeting, the vice chairman shall convene and preside over the meeting. Where the vice chairman cannot or does not fulfil the duty thereof, more than half of the directors shall jointly elect a director to convene and preside over the meeting.

**Article 164** Provisional board meetings may be convened upon proposal by shareholders representing at least one tenth of the total voting rights, by at least one third of the Board of Directors or supervisors, or by at least one half of independent directors or the general manager. The chairman shall convene and preside over a board meeting within ten days after receipt of the proposal.

The chairman, where he deems as necessary, may convene and preside over provisional board meetings.

Where the securities regulatory authority requires the Company to hold a provisional board meeting, the chairman shall convene and preside over such a meeting within ten days after receipt of the request of the securities regulatory authority.

**Article 165** The notice on convening a provisional board meeting can be served by hand,

post, facsimile or email; and shall be sent at least two days prior to the convening of the meeting.

Where a provisional board meeting needs to be convened as soon as possible in emergency, the notice of meeting may be sent by telephone or by other oral means, not subject to the aforesaid period of notice of at least two days prior to the meeting, but the convener shall make explanations at the meeting.

**Article 166** A written notice of board meeting shall include:

- (1) time and venue of the meeting;
- (2) duration of the meeting;
- (3) reasons for and agenda of the meeting;
- (4) the date of issue of such notice.

An oral notice of the meeting shall at least include (1) and (2) above and the explanation for the urgent convention of the provisional board meeting due to emergency.

Resolutions involving issues which require prior approval or independent advice from independent directors shall be submitted to independent directors at least five days prior to convening the board meeting.

**Article 167** No board meeting may be held unless more than half of the directors are present. Save as otherwise specified in laws, administrative regulations or Articles of Association, resolutions made by the Board of Directors shall be passed by more than half of all directors.

For the voting on a resolution of the Board of Directors, each director shall have one vote only. If pros and cons are equal, the chairman shall be entitled to an additional vote.

**Article 168** If any director has connection with the enterprise involved in the resolution made at a board meeting, the said director shall not vote on the said resolution for himself or on

behalf of other director. The said 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 board meeting is less than three, the matter shall be submitted to the general meeting for consideration.

The definition and scope of connected director are subject to relevant regulations of the securities regulatory authority and stock exchange at the location where the shares of the Company are listed.

**Article 169** Voting of the Board of Directors shall be conducted by a show of hands or name-recording ballots.

Unless otherwise provided by the laws, regulations and regulatory documents, a resolution can be considered and resolved by correspondence at the provisional board meeting, with the resolution signed by the participating directors, provided that all directors can fully express their opinions.

**Article 170** Directors shall attend the board meeting in person. If for any reason the directors are unable to attend, they may authorize other directors in writing to attend on their behalf. The power of attorney shall clearly state the full name of the representative, the matters they represent, the scope of authority and the effective period of such power of attorney, and shall be signed or sealed by the principal. The representatives of the directors attending the meeting shall exercise their authorities within the scope so authorized. Any director absent from the board meeting who fails to appoint a representative shall be deemed to have waived their voting rights at such meeting.

**Article 171** The decisions on the matters considered at board meeting shall be recorded as minutes, which shall be signed by the attending directors.

Minutes of the board meeting shall be kept as Company documents for ten years.

**Article 172** The minutes of the board meeting shall include the following:

(1) date, venue and convener of the meeting;



(2) names of directors and representatives authorized by the directors (representative) present at the meeting;

(3) agenda of the meeting;

(4) summary of key points made by the directors at the meeting;

(5) the voting methods and the voting results on each matter (the voting result shall clearly state the number of votes for, against and abstain).

**Article 173** Directors shall sign on the resolutions approved at the board meeting and shall be liable for the resolutions of the Board. Where a resolution of the Board violates the laws, administrative regulations, the Articles of Association or resolutions approved at the general meeting and results in serious losses to the Company, the directors involved in such resolution shall be liable for indemnification to the Company, provided that the director who has expressly objected to the resolution put forward for voting which is proven and recorded in the minutes of the meeting can be exempted from such liabilities.

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

**Article 174** The Board of Directors has a secretary who shall be appointed or dismissed by the Board of Directors. The secretary of the Board of Directors is a senior executive of the Company.

The secretary of the Board of Directors shall observe the Articles of Association, shall undertake relevant legal liabilities of a senior executive of the Company, shall fulfill the obligation of honesty and diligence to the Company, and shall not use the official power to seek gains for himself or others.

**Article 175** The secretary of the Board of Directors shall be a natural person with necessary professional knowledge and experience, and shall be appointed by the Board of Directors. The major duties of the secretary of the Board of Directors shall be:

(1) to ensure that the Company has complete organization documents and records;

(2) to ensure that the Company legally prepares and submits reports and documents as required by the competent authorities;

(3) to ensure that the shareholders' register of the Company is established appropriately and that the persons who have the right of access to the relevant records and documents of the Company obtain the same in due time;

(4) to be responsible for managing the information disclosure of the Company, and to ensure that information disclosure of the Company is timely, accurate, lawful, true and complete;

(5) to arrange for board meetings and general meetings, to be responsible for recording minutes of meetings and keeping the meeting documents and minutes;

(6) to fulfill other duties specified by relevant laws, administrative regulations, regulatory documents and the rules of the stock exchange on which the shares of the Company are listed.

**Article 176** A Director or other senior management member may also serve as the Secretary of the Board of Directors. An accountant from the accounting firm appointed by the Company shall not act as the Secretary of the Board of Directors.

Where a director concurrently acts as Secretary of the Board of Directors, and in the event an action shall be done by a director and the Secretary of the Board of Directors separately, the person who holds the offices of director and the Secretary of the Board of Directors shall not act in dual capacity.

**Article 177** The Company shall facilitate the secretary to the Board of Directors to perform his/her duties. The directors, supervisors, other senior management and relevant staff shall support and cooperate with the secretary to the Board of Directors.

**Article 178** In order to perform his duties, the secretary to the board is entitled to access the financial and operating conditions of the Company, inspect all documents in respect to all documents within terms of reference and request relevant departments and staff of the Company to provide relevant information and data on a timely basis.

## **Section 4 The Special Committees of the Board**

**Article 179** The Board of Directors of the Company establishes certain special committees such as the Strategic Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee.

Special committees shall only comprise of directors, independent directors shall constitute the majority of the Nomination Committee and the Remuneration and Appraisal Committee and the convener (head/chairman) shall be independent directors. The Audit Committee shall comprise of three independent directors, the Audit Committee shall comprise of three directors, and independent directors shall constitute the majority thereof, among which at least one independent director shall be an accounting professional, and the convener (head/chairman) shall be the independent directors.

**Article 180** The Strategic Development Committee is a special organization set up under the Board of Directors, mainly responsible for feasibility research on the Company's long-term development and strategy planning as well as major strategic investments, and shall report to and hold responsibility for the Board of Directors.

**Article 181** The Audit Committee is a special organization set up under the Board of Directors which shall report to and hold responsibility for the Board of Directors. The major duties of the Audit Committee includes making recommendations on the appointment and replacement of external audit institutions; supervising and reviewing the work of the external audit institutions; guiding the internal audit work and supervising the Company's internal audit system and its implementation; coordinating and holding responsibility for communications between the management, internal control function and relevant departments, and the external audit institutions; examining and providing opinions on the financial information of the Company and its disclosures; examining the internal control system of the Company and evaluating the effectiveness of internal control; and other duties authorized by the Board of Directors of the Company or other issues related to relevant laws and regulations.

**Article 182** The Nomination Committee is a special organization set up under the Board of Directors which shall report to and hold responsibility for the Board of Directors. The major duties of the Nomination Committee includes examining the standards and procedures for

selection of directors and senior management and providing opinions or advice for the Board of Directors on replacement and recommendation of candidates of new directors, and senior management; seeking for qualified directors and senior management candidates in a wide range; evaluating the work of directors, senior management and providing opinions or advice on replacement of directors or senior management based on evaluation results.

**Article 183** The Remuneration and Appraisal Committee is a special organization set up under the Board of Directors which mainly take charge of formulating remuneration system, management and appraisal of directors, senior management of the Company and shall report to and hold responsibility for the Board of Directors. The major responsibility of the Remuneration and Appraisal Committee includes formulating job responsibility and performance appraisal system, performance target and award and penalty regimes of the directors, senior management of the Company; formulating remuneration system and remuneration standards of the directors, senior management of the Company; formulating the Company's share incentive plan proposal; review the performance of the directors and senior management members and conduct annual appraisals; and making recommendations to the Company to deliver subsidy to independent directors according to laws, regulations, regulatory documents and relevant provisions of the securities regulatory authorities of the location where the Company's shares are listed.

**Article 184** Special committees may engage intermediary institutions to provide professional opinions and relevant expenses shall be borne by the Company.

## **Chapter 6 General Manager and Other Senior Management Members**

**Article 185** The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors.

The Company shall have certain deputy general managers and one chief financial officer, who shall be appointed or dismissed by the Board of Directors after being nominated by the general manager.

The senior management of the Company includes the general manager of the Company, the deputy general manager, the chief financial officer and the secretary of the board of the

directors.

**Article 186** Members of staff of the controlling shareholders and effective controllers of the Company who serve positions other than directors shall not serve as senior executives of the Company.

**Article 187** The general manager shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 188** The general manager shall be accountable to the Board of Directors and exercise the following powers:

(1) to manage the business operations of the Company, organize execution of resolutions of the Board of Directors, and report on his work to the Board of Directors;

(2) to organize to execute the Company's annual business plans and investment plans;

(3) to prepare the plan for the internal management setup of the Company;

(4) to draft the basic management system of the Company;

(5) to formulate the Company's specific rules;

(6) to propose to the Board of Directors to appoint or dismiss deputy general manager and chief financial officer;

(7) to decide to appoint or dismiss executives other than those appointed or dismissed by the Board of Directors;

(8) to exercise other powers conferred in the Articles or by the Board of Directors.

The general manager may attend board meetings, and if he is not a director, shall not have any voting right at the board meetings.

**Article 189** The general manager shall formulate the work rules, subject to the approval

by the Board of Directors before implementation.

**Article 190** The work rules for the general manager shall include the following:

(1) conditions, procedures and participants of the general manager's meetings;

(2) specific duties and the assignment of responsibility for the general manager and other senior management members;

(3) usage of capital and assets, authorities to enter into major contracts, and the systems for reporting to the Board of Directors and the supervisory committee;

(4) other matters deemed as necessary by the Board of Directors.

**Article 191** In exercising powers, the general manager of the Company shall fulfil the obligation of honesty and diligence in accordance with laws, administrative regulations and the Articles of Association.

**Article 192** The general manager may request to resign before expiry of his terms of office. The procedures and formalities of such resignation shall be governed by the employment contract between the general manager and the Company.

**Article 193** The deputy general manager shall assist the general manager in conducting the production and operation. The appointment or dismissal of the deputy general manager shall be nominated by the general manager and determined by the Board of Directors.

**Article 194** The loss arising from the breach of laws, administrative regulations, department regulations or the Articles of Association by members of the senior management in the course of executing their duties shall be borne by them.

## **Chapter 7 Board of Supervisors**

### **Section 1 Supervisors**

**Article 195** No director, general manager or other senior management members may

concurrently serve as a supervisor.

**Article 196** The board of supervisors shall undertake the duty of loyalty and diligence in accordance with the laws, administrative rules and the Articles of Association and shall not abuse their official powers to accept bribes or other unlawful income and expropriate the Company's property.

**Article 197** Supervisors shall be elected by the general meeting for a term of three years, and are eligible for re-election upon expiry of their terms.

**Article 198** If, upon the expiry of a supervisor's term of office, a new supervisor is not elected on a timely basis, or the resignation of any supervisor during term of office causes the number of supervisors to fall below the statutory requirement, such supervisor shall continue to perform his/her duties as supervisor under the requirements as stipulated by laws, administrative regulations and the Articles of Association until a new supervisor is elected and assumes his/her office.

**Article 199** The supervisors shall ensure that the information disclosed shall be true, accurate and complete.

**Article 200** The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.

The Company shall offer to invite supervisors to attend meetings as non-voting attendees before the Board meeting is convened to accept the inquiries and the supervision from supervisors.

Where the related directors and senior managers are required to attend the meeting which is convened by the board of supervisors, they shall be present on time and response to the questions of supervisors.

**Article 201** Supervisors shall not use their connected relationship to prejudice the interests of the Company and shall be liable to compensate the Company for any loss so caused.

**Article 202** Supervisors who are in breach of laws, administrative regulations, departmental rules or the Articles of Association in the course of performing their duties shall be liable to compensate the Company for any loss so caused.

## **Section 2 Board of Supervisors**

**Article 203** The Company shall have a board of supervisors, consisting of three supervisors, including one chairman.

The chairman of the board of supervisors shall be appointed or dismissed by the votes of more than two thirds (inclusive) of the members of the board of supervisors.

The chairman of the board of supervisors shall convene and preside over meetings of the board of supervisors; where the chairman of the board of supervisors cannot or does not fulfil the duty thereof, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the board of supervisors.

The board of supervisors shall comprise shareholder representatives and an appropriate proportion of employee representatives, which proportion shall be one third. Shareholder supervisors shall be elected and dismissed at general meetings, and employee supervisors shall be elected and dismissed democratically at the employee representatives' meetings, employees' meetings or in other forms.

**Article 204** The board of supervisors shall be accountable to the general meeting and shall exercise the following powers according to laws:

(1) to examine the periodic reports of the company prepared by the Board of Directors and produce written examination opinions thereon;

(2) to examine financial operations of the company;

(3) to supervise the work of the directors and senior executives, and propose dismissal of directors and senior executives who have violated laws, administrative rules, the Articles of Association or the resolutions of general meetings;



(4) to require directors and senior executives to make corrections if their conduct has damaged the interests of the company;

(5) to review financial reports, business reports and profit distribution plans to be submitted by the Board of Directors to the general meeting, and if there are any queries, to engage certified public accountants or practicing auditors in the name of the company to assist in the review;

(6) to propose the convening of extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and preside over the general meetings in accordance with *Company Law*, to convene and preside over the general meetings;

(7) to present proposals to general meetings;

(8) to coordinate with directors on behalf of the company or bring legal proceedings against the company's directors and senior executives in accordance with the *Company Law*;

(9) to conduct investigation if there are any unusual circumstances in the company's operations, and if necessary, to engage an accounting firm, law firm or other professionals to assist in their work at the expenses of the company;

(10) to exercise other powers specified by laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authority at the location where the shares of the company are listed and the Articles of Association or conferred by the general meetings.

**Article 205** The board of supervisors shall meet at least once every 6 months and the notice shall be received by all supervisors no later than 10 days before the meeting is convened.

Supervisors may propose to convene extraordinary meetings of the board of supervisors. The chairman of the board of supervisors shall convene and preside over an extraordinary meeting of the Supervisory Committee within ten (10) days after receipt of the supervisors' proposal. The board of supervisors shall notify all supervisors in writing two (2) days before the extraordinary meeting is convened. In case of particularly urgent situation that the extraordinary meeting of the board of supervisors shall be convened as soon as possible, the notice may be made via telephone or orally (not subject to the abovementioned time limit of at

least 2days in advance), but the convener shall make explanations at the meeting.

**Article 206** Supervisors shall attend meetings of the board of supervisors in person, If a supervisor is unable to attend a meeting of the board of supervisors due to certain reasons, he may submit written comments or written voting in advance, or appoint other supervisors in writing to attend the meeting on his behalf. The letter of proxy shall include particulars such as the names of proxy, subject matter, scope of authorization and duration of the authorization, and be signed or stamped by the principal.

The supervisors who attend the meeting as representatives shall exercise the rights of supervisors in the scope of authorization. If a supervisor fails to attend a meeting of the Supervisory Committee and fails to appoint a representative to attend on his/her behalf, the same shall be deemed as abstention of voting rights at such meeting.

Each supervisor shall have 1 vote for resolutions to be approved by the board of supervisors.

The resolution of the board of supervisors shall be passed by the votes of more than two thirds (inclusive) of the members of the board of supervisors.

**Article 207** The board of supervisors shall formulate the rules of procedures of the board of supervisors with specific mode of discussion and voting procedures of the board of supervisors for purposes of ensuring the work efficiency and scientific decision making of the board of supervisors.

**Article 208** The board of supervisors shall cause decisions made during the meeting to be reduced to minutes of meetings, and attending supervisors shall sign on the minutes of meetings.

Supervisors can request to have the speech they make in the meeting recorded in the minutes. The meeting minutes of the board of supervisors shall be kept as a file of the Company for ten years

**Article 209** Notice of meetings of the board of supervisors shall contain:

- (1) the date ,venue and duration of the meeting;
- (2) reasons for and discussion topics of the meeting;
- (3) the method for which the meeting is held;
- (4) the convener and the chairman of the meeting, the person who proposes the special board meeting and his/her written proposal;
- (5) the materials necessary for the supervisors to vote in the meeting;
- (6) the request for the personal attendance of the supervisors;
- (7) the contact person and the method of contact;
- (8) the date of the notice.

**Article 210** The reasonable expenses incurred by the board of supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. shall be borne by the Company.

## **Chapter 8 Qualification and Obligations of Directors, Supervisors and Senior Management**

**Article 211** In any of the following circumstances, a person shall not serve as director, supervisor, general manager or other senior management of the Company:

- (1) Being without civil capacity or with only limited civil capacity;
- (2) Having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market and 5 years have not elapsed since the completion date of the execution of the penalty; or he has ever been deprived of his political rights due to any crime and 5 years

have not elapsed since the completion date of the execution of the penalty;

(3) Having been a former director, factory director or manager of a company or enterprise which was bankrupt and liquidated, whereby he was personally liable for the bankruptcy of such company or enterprise, and three years have not elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;

(4) Having been the legal representative of a company or enterprise, but the business license of this company or enterprise was revoked and this company or enterprise was ordered to close due to a violation of the law, whereby he is personally liable for the revocation, and three years have not elapsed since the date of the revocation of the business license thereof;

(5) He has a relatively large amount of debt which is due but has not been paid;

(6) He is under a penalty of prohibited access to the securities market imposed by the securities regulatory authority under the State Council, which penalty is still effective;

(7) He is under investigation by the judiciary authority for violation of the criminal law;

(8) He is disqualified as corporate leader in laws and administrative regulations;

(9) He is not a natural person;

(10) He was ruled by the relevant regulatory authority that he has violated the relevant securities regulations and committed any fraudulent or dishonest act, and such ruling was made less than five years ago;

(11) He is otherwise disqualified by the laws, administrative regulations or departmental rules.

**Article 212** The validity of an act of a director, the general manager or other senior management on behalf of the Company for a bona fide third person is not affected by any incompliance in the appointment, election or qualification thereof.

**Article 213** In exercising the powers conferred by the Company, directors, supervisors,

the general manager and other senior management of the Company shall fulfill the following obligations to each shareholder in addition to the obligations under the relevant laws, administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed:

(1) Not to let the Company operate beyond the business scope specified in its business license;

(2) To sincerely act in the best interest of the Company;

(3) Not to seize from the Company any asset, including (but not limited to) opportunity favorable to the Company;

(4) Not to seize from any shareholder any personal interests, including (but not limited to) distribution right and voting right, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.

**Article 214** In exercising rights or fulfilling obligations, the directors, supervisors, the general manager and other senior management of the Company have the duty to act with due discretion, diligence and skill as a reasonable discreet person should do in similar circumstances.

**Article 215** In fulfilling duties, the directors, supervisors, the general manager and other senior management of the Company shall observe the principle of honesty and shall not set themselves in a position where their own interests may conflict with their obligations. The said principle includes (but is not limited to) performance of the following obligations:

(1) To sincerely act in the best interest of the Company;

(2) To exercise their rights within their terms of reference;

(3) To exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a general meeting, not to transfer the exercise of their discretion to others;

(4) To be equitable towards shareholders of the same class and fair towards shareholders of different classes;

(5) Not to conclude any contract, conduct any transaction or make any arrangement with the Company save as specified in the Articles of Association or with the informed consent of shareholders given at a general meeting;

(6) Not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a general meeting;

(7) Not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company's property in any form, including (but not limited to) opportunity favorable to the Company;

(8) Not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a general meeting;

(9) To observe the Articles of Association, fulfill duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;

(10) Not to compete with the Company in any form without the informed consent of shareholders given at a general meeting;

(11) Not to appropriate the monies of the Company or lend the same to others, not to open in their own names or in others' names any bank account for the purpose of depositing any of the Company's assets, and not to use the Company's asset to provide any guarantee for any debt of any shareholder of the Company or any other individual;

(12) Without the informed consent of the shareholders given at a general meeting, not to disclose any confidential information related to the Company acquired by them during the term of their office; not to use the said information save for the interest of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:

1. required by law;

2. required in the interests of the public;

3. required for the interests of the said directors, supervisors, the general manager and other senior management.

**Article 216** Directors, supervisors, the general manager and other senior management of the Company shall not tell the following persons or institutions (the “connected persons”) to do anything that the directors, supervisors, the general manager and other senior management cannot do:

(1) Spouses or minor offspring of directors, supervisors, the general manager and other senior management of the Company;

(2) Trustees of directors, supervisors, the general manager and other senior management of the Company or persons set out in Item (1) herein;

(3) Partners of directors, supervisors, the general manager and other senior management of the company or persons set out in Items (1) and (2) herein;

(4) Companies effectively independently controlled by directors, supervisors, the general manager and other senior management of the Company or companies effectively jointly controlled with the persons set out in Items (1), (2) and (3) herein or other directors, supervisors, the general manager and other senior management of the Company;

(5) Directors, supervisors, the general manager and other senior management of the controlled companies as set out in Item (4) herein.

**Article 217** The fiduciary duties of the directors, supervisors, the general manager and other senior management of the Company shall not necessarily end with the expiry of their terms of office, and their confidentiality obligation to the Company shall continue after expiry of their terms of office. Other obligations may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the specific circumstances under which the relationship between the Company and them was terminated.

**Article 218** The liability of directors, supervisors, the general manager and other senior management of the Company for breaching a given obligation may be exempted through an informed resolution given by shareholders at a general meeting, save for the circumstances specified in Article 66 of the Articles of Association.

**Article 219** If directors, supervisors, the general manager and other senior management of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or under planning with the Company (exclusive of engagement contract with the Company), they shall responsively disclose the nature and extent of the said interests to the board of directors regardless whether the relevant matters are subject to approval by the board of directors in normal circumstances.

Other than under the exceptional circumstances specified in Note 1 of Appendix 3 of Hong Kong Listing Rules or by the Hong Kong Stock Exchange, a director shall not vote on any resolutions of the board of directors with contract or arrangement or any other suggestion where he or his associates (as defined in Hong Kong Listing Rules) own a material interest; the said director shall not be included into the quorum of the meeting.

Unless the directors, supervisors, the general manager and other senior management of the company having material interests have disclosed the said interests to the board of directors as per the aforesaid provisions herein, and the board of directors has not counted them in the quorum, and the said matters are approved at the meeting at which they do not vote, the Company has the right to cancel the said contract, transaction or arrangement, save for the circumstance in which the other parties are bona fide parties uninformed of the default of the said directors, supervisors, the general manager and other senior management.



If the connected persons of the directors, supervisors, the general manager and other senior management of the Company have any interests in a given contract, transaction or arrangement, the said directors, supervisors, the general manager and other senior management shall also be deemed as having interests.

**Article 220** If, before concluding relevant contract, transaction or arrangement with the Company for the first time, the directors, supervisors, the general manager and other senior management of the Company have notified the board of directors in writing that they will have interests in the contract, transaction or arrangement to be concluded in the future because of the reasons set out in the notice, they will be deemed as having executed disclosure as specified above in this Chapter.

**Article 221** The Company shall not in any manner pay taxes for or on behalf of its directors, supervisors, the general manager and other senior management.

**Article 222** The Company shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors, the general manager and other senior management of the Company or its parent company, or to the connected persons of the aforesaid persons.

The said provisions do not apply to the following circumstances:

(1) The Company provides loan or loan guarantee for its subsidiaries;

(2) The Company, in accordance with the engagement contracts approved at the general meeting, provides loan, loan guarantee or other monies to the directors, supervisors, the general manager and other senior management of the Company so that they may pay the expenses incurred for the Company or for fulfilling duties of the Company;

(3) If the normal business scope of the Company includes provision of loan and loan guarantee, the Company may provide loan and loan guarantee to the relevant directors, supervisors, the general manager and other senior management and their related persons, but the conditions for providing loan or loan guarantee shall be normal business conditions.

**Article 223** If the Company provides loan in violation of the aforesaid provisions, the recipient of the loan shall return the same immediately regardless of the loan conditions.

**Article 224** The Company shall not be forced to execute loan guarantee provided in violation of the provisions of item (1) in Article 222 except in the following circumstances:

(1) The loan provider does not know that it has provided loan to the related persons of the directors, supervisors, the general manager and other senior management of the Company or its parent company;

(2) The guarantee provided by the Company has been sold by the loan provider lawfully to a bona fide buyer.

**Article 225** The guarantee as referred to in the preceding provisions of this Chapter includes the act of the guarantor to undertake the responsibility or provide property to ensure that the obligor fulfils the obligations.

**Article 226** If the directors, supervisors, the general manager or other senior management fail to fulfil the obligations to the Company, the Company has the right to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

(1) Require the directors, supervisors, the general manager or other senior management to compensate the Company for the losses arising from their neglect of duty;

(2) Cancel the contracts or transactions concluded between the Company and the directors, supervisors, the general manager or other senior management, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, the general manager or other senior management representing the Company have breached their obligations to the Company);

(3) Require the relevant directors, supervisors, the general manager or other senior management to surrender gains arising from breach of obligations;

(4) Recover monies, including (but not limited to) commissions, received by the relevant directors, supervisors, the general manager or other senior management but receivable by the Company;

(5) Require the relevant directors, supervisors, the general manager or other senior management to surrender interests earned or likely to be earned from monies payable to the Company.

**Article 227** The Company shall conclude written contracts with its directors and supervisors in relation to their remunerations, subject to prior approval at a general meeting. The aforesaid remunerations include:

(1) Remunerations as directors, supervisors or senior management of the Company;

(2) Remunerations as directors, supervisors or senior management of subsidiaries of the Company;

(3) Remunerations for providing other services for the Company and subsidiaries thereof;

(4) Compensations for the said directors or supervisors for losing their positions or for retirement.

Save as specified in the aforesaid contracts, the directors or supervisors shall not pursue legal action against the Company for the aforesaid interests.

**Article 228** The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting. The acquisition in the preceding paragraph refers to any of the following circumstances:

(1) Tender offer of any person to all the shareholders;

(2) Tender offer of any person to become a controlling shareholder of the Company. Controlling shareholder shall be as defined in Article 67 of the Articles of Association.

Any monies received by the relevant directors or supervisors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said monies in

proportion, which expenses shall not be deducted from the said monies.

## **Chapter 9 Financial Accounting System, Profit Distribution and Audit**

### **Section 1 Financial Accounting System**

**Article 229** The Company shall formulate its financial and accounting system in accordance with relevant laws, administrative regulations and the provisions of the relevant authorities of the state.

The accounting year of the Company shall be consistent with the Gregorian calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

The Company shall adopt RMB as the denomination currency in its accounts. All accounts shall be written in Chinese.

The Company shall prepare its financial reports at the end of each accounting year and conduct review and verification as required by law.

**Article 230** The Company shall submit annual financial report to securities regulatory authority of the State Council and the stock exchange within four months from the end of each fiscal year, submit semi-annual financial reports to CSRC Fujian Office and the stock exchange within two months from the end of the first six months of each fiscal year, and submit quarterly financial reports to CSRC Fujian Office and the stock exchange within one month from the end of the first three months and nine months respectively of each fiscal year.

The aforesaid financial reports shall be prepared in accordance with relevant laws, administrative regulations and the provisions of the relevant authorities of the state and published in accordance with regulations of securities regulatory authority at the location where the shares of the Company are listed.

**Article 231** The board of directors shall, at each annual general meeting, submit to the shareholders the financial reports prepared by the Company in accordance with the relevant laws, administrative regulations, and regulatory documents of local governments and competent authorities.

**Article 232** The financial reports of the Company shall be kept in the Company and accessible to the shareholders 20 days before convening of the annual general meeting. Every shareholder shall have the right of access to the aforesaid financial reports mentioned in this Chapter.

Save as otherwise specified in the Articles of Association, the Company shall, at least 21 days before the annual general meeting, send by personal delivery or prepaid mail or by the method permitted by the stock exchange where the shares of the Company are listed the said reports or the reports of the board of directors together with balance sheet (including every document required by laws and regulations to be annexed thereto), income statement or statement of income and expenditure, to all holders of overseas listed foreign shares at the address registered in the shareholders' register.

**Article 233** The financial statements of the Company shall be prepared in accordance with not only PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas listing place. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be indicated in the notes to the financial statements. The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.

**Article 234** The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.

**Article 235** The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

**Article 236** The capital reserve includes:

- (1) The amount of share premium arising from the issue of shares at a premium;
- (2) Other income required by the competent financial department of the State Council to be appropriated to the capital reserve.

**Article 237** When distributing the after-tax profits for each year, the Company shall set aside 10% of its net profit after taxation for the statutory reserve fund. Where the aggregate balance in the statutory reserve fund has reached 50% of the Company's registered capital, no further allocations to that fund is required.

Where the Company's statutory reserve fund is not sufficient to make up for the company's losses of the previous year, current year profits shall be used to make up for the losses before allocations are set aside for the statutory reserve fund in accordance with the previous clause.

Subject to a resolution of the general meeting, after the Company has set aside funds from after-tax profits for the statutory reserve fund, the Company may set aside funds for a discretionary common reserve fund.

After the Company has made up its losses and made allocations to its statutory reserve fund, the remaining profits are distributed in proportion to the number of shares held by the shareholders.

If the general meeting violates the above provisions and profits are distributed to the shareholders before the Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Company.

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

**Article 238** The Company's reserve fund shall be used to make up the Company's losses, to expand the production and operation of the Company or to increase the capital of the Company by means of conversion. However, the Company shall not use its capital reserve fund to make up its losses.

When the statutory reserve fund is converted into share capital, the amount remaining in the reserve shall not be less than 25% of the Company's registered capital prior to the increase.

**Article 239** Should a resolution be reached on a scheme of allocation of profits at the

general meeting, the board of directors of the Company shall complete distribution of dividend (or shares) within two months after the general meeting.

**Article 240** The Company's profit distribution policies are:

1. Principles of profit distribution

The Company shall attach importance to the return on reasonable contribution of investors in profit distribution, keep profit distribution policies consecutive and stable and insist on the following principles:

(1) Profit shall be distributed in statutory order;

(2) The same shares represent the same rights and the same earnings;

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

2. Forms of profit distribution

(1) The Company may distribute dividends in cash, in shares or in a combination of both cash and shares or in other ways permitted by laws and regulations; The Company's profit distribution shall not exceed the range of the accumulated distributable profits or damage the Company's ability to continue operations.

(2) The Company shall specify the priority of cash dividend distribution relative to stock dividend in the profit distribution methods.

(3) Where conditions for cash dividend distribution are ready, profit distribution shall be carried out in the form of cash dividend distribution. Where profit distribution is carried out in the form of stock dividends, consideration shall be given to truthful and reasonable factors such as company growth performance and dilution of net assets per share.

### 3. Intervals of profit distribution

(1) If the Company makes a profit for a year and the accumulated undistributed profit is positive, it shall distribute profits at least once a year.

(2) The Company may distribute interim cash dividends. Based on the profits, cash flows, development stage and capital demands of the Company, the board of directors may advise the Company to distribute interim cash dividends.

### 4. Conditions for profit distribution

#### (1) Specific conditions for cash dividends distribution

On the premise of ensuring the Company's sustainable operation and long-term development, if the Company does not undergo matters (excluding investments with raised funds) including major investment plans and major cash expenditures, the Company shall distribute dividends in cash. The profits distributed by the Company in cash each year shall not be less than 20% of distributable profits achieved that year. The board of directors shall put forward a plan on percentage of dividends to be distributed each year based on the Company's earnings of the year and budgets for the future.

#### (2) Specific conditions for share dividends distribution

When the Company operates and grows well and the board of directors believes that the Company's earnings per share, share price and net assets per share do not match the size of the Company's share capital, the Company may, on the premise of meeting the said percentage of cash dividends distribution, distribute profits by distributing share dividends. In determining the specific amount for the share dividend distribution, the Company shall take full account of whether the total share capital after share dividend distribution is suitable for the current business scale, earnings growth and dilution of net assets per share, and the influence on future debt financing cost, so as to ensure that the profit distribution plan is in the interest of all shareholders as a whole in the long run.



### (3) Differentiated cash dividend policies

The Board of Directors of the Company shall, taking into consideration such factors as industry characteristics, the Company's development stage, business operation model, profitability level and whether they have significant capital expenditure arrangements and in accordance with the procedures specified in the Articles of Association develop differentiated cash dividend policies to be applicable in the following different situations:

(i) Where the Company is in a sophisticated stage of development and has no significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 80%;

(ii) Where the Company is in a sophisticated stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 40%;

(iii) Where the Company is in growth stage and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 20%;

Where the Company's development stage is difficult to define, but the Company has any significant capital expenditure arrangement, the preceding provisions may still be followed.

5. The consideration and deliberation procedures and decision-making mechanism for the profit distribution plan of the board of directors

(1) Before periodic reports are published, the management and board of directors of the Company shall consider and deliberate a profit distribution plan based on the Company's ability for sustainable operation, adequate funds for normal production, operation and business development, and reasonable returns of investors. The Board of Directors shall carefully examine and discuss such matters as the timing, conditions and the minimum ratio, adjustment criteria of the Company's cash dividend distribution and its decision-making procedure, and Independent Directors shall make explicit comments. The Independent Directors may solicit the opinions from small and medium-sized shareholders and make a dividend distribution

proposal to be submitted directly to the Board of Directors for deliberation.

(2) When drawing up a specific profit distribution plan, the board of directors of the Company shall observe profit distribution policies as specified in relevant PRC laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and Articles of Association of the Company.

(3) The board of directors of the Company shall consider and approve the profit distribution plan, notify the Hong Kong Stock Exchange of such profit distribution plan pursuant to the Hong Kong Listing Rules, announce it in periodic reports, and then submit it to the general meeting for consideration.

(4) If the Company generated profits in the previous fiscal year but the board of directors did not make any cash dividends distribution plan after the end of the previous fiscal year, the Company shall notify the Hong Kong Stock Exchange of such decision pursuant to the Hong Kong Listing Rules. The Board of the Company shall solicit the opinion of independent directors, and the reasons thereof and the application of funds retained by the Company not available for distribution shall be explained in its periodic reports and the independent directors shall give an independent opinion in such regard and disclose it publicly.

(5) In making decisions on and deliberating relevant profit distribution plan by the board of directors of the Company and prior to the consideration of detailed cash dividend proposals by the general meeting of the Company, the Company may communicate and exchange opinions with independent directors and minority shareholders by phone, fax, correspondence, e-mail, the interactive platform for investor relations on the website of the Company (<http://www.fuyaogroup.com>), etc., thereby fully listening to opinions and appeals of independent directors and minority shareholders and responsively answering questions that minority shareholders concern.

(6) When the Company convenes a general meeting, shareholder(s) individually or collectively holding 3% or more of the total shares of the Company have the right to submit provisional proposals on profit distribution plan to the general meeting in accordance with the Company Law, the Rules for the Shareholders' General Meetings of Listed Companies and relevant provisions of the Articles of Association.

## 6. Consideration procedure for profit distribution plan

(1) The profit distribution plan shall not be submitted to the general meeting for consideration before it is considered and approved by the board of directors. Profit distribution plan under consideration of the board of directors shall be approved by more than half of all the directors and more than half of all the independent directors before it is approved by the board of directors.

(2) Profit distribution plan under consideration of the general meeting shall be approved by votes representing more than half of voting rights held by the shareholders (including proxies thereof) present at the general meeting. Plans for share dividends distribution or conversion of common reserve fund into share capital under consideration of the general meeting shall be adopted by shareholders representing  $2/3$  or more of the voting rights of the shareholders (including proxies thereof) in presence.

## 7. Adjustment of profit distribution policies

(1) If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the adjustment shall be disclosed in accordance with the Hong Kong Listing Rules and relevant laws and regulations of Hong Kong and the adjusted profit distribution policy shall not breach any regulations of securities regulatory authority under the State Council and stock exchange. The said “material changes in external operating environment or its own operating conditions” refer to circumstances as follows:

(i) The Company suffers losses due to significant changes in relevant laws, administrative regulations, policies, rules or international and domestic economic environment, instead of reasons of the Company;

(ii) The Company suffers losses due to events of force majeure including earthquake, debris flow, typhoon, tornado, flood, war, strike and social turmoil which are unforeseeable, unavoidable or insurmountable and impose material adverse impact on production and operation of the Company;

(iii) After the Company's statutory common reserve is used for making up for previous years' losses, the net profit of the Company in the year is still not enough to make up for previous years' losses;

(iv) The net cash flows generated from operating activities of the Company is lower than 20% of distributable profits that the Company achieves in that year for three consecutive years;

(v) Other circumstances as prescribed by laws, administrative regulations, departmental rules or securities regulatory authority under the State Council and stock exchanges.

(2) In the consideration and deliberation of adjusting profit distribution policy, the board of directors of the Company shall take full account of opinions of independent directors and minority shareholders. Profit distribution policy adjustment under consideration of the board of directors shall be approved by more than half of all the directors and more than half of all the independent directors before it is approved by the board of directors.

(3) Adjustment or changes to profit distribution policy specified by Articles of Association of the Company shall be subject to consideration and approval by the board of directors before it is submitted to the general meeting for consideration. The Company shall discuss the relevant matters in detail and explain reasons thereof in proposal of the general meeting with the protection of shareholders' interests as the starting point. Matters concerning adjustment and changes to profit distribution policy under consideration of the general meeting shall be adopted by shareholders representing 2/3 or more of the voting rights of the shareholders (including proxies thereof) in presence.

#### 8. Explanation on implementation of profit distribution policy in annual reports

The Company shall disclose the formulation and implementation of cash dividends distribution policy in its annual reports and make special explanations on the following matters including:

(1) Compliance with the Articles of Association or resolutions of the general meeting;

(2) Accuracy and clarity of dividend distribution plan;

(3) Compliance with requirements of relevant decision-making procedures and mechanism;

(4) Performance and contributions of the independent directors;

(5) Whether or not minority shareholders' opinions have been fully taken into consideration, and whether or not the legal rights of minority shareholders have been fully protected.

Where the Company revises or changes its cash dividends distribution policy, it shall discuss in detail on whether the revised or changed plans are in compliance with regulations and procedure requirements and transparent.

9. If there is any shareholder illegally taking up the Company's capital, the Company shall deduct the cash dividends allocated to such shareholder to repay the amount of capital taken.

**Article 241** The Company shall appoint receiving agents on behalf of holders of the overseas-listed foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas-listed foreign invested shares.

The receiving agents appointed by the Company shall abide by the laws of the listing locations or the relevant regulations as required by the stock exchange. The receiving agents appointed by the Company for the holders of overseas-listed foreign shares listed on the Hong Kong Stock Exchange shall be trustee companies registered in accordance with the Trustee Ordinance of Hong Kong.

**Article 242** Any amounts paid for shares by Company in advance of calls will be entitled to dividends, but the shareholders are not entitled to any dividends declared after the pre-payment of the shares.

In accordance with the relevant laws, regulations, rules, regulatory documents and relevant provisions of the securities regulatory authority at the location where the shares of the Company are listed, the Company may exercise its power to forfeit any unclaimed dividends, provided that such power may only be exercised after the expiry of the applicable effective period.

The Company may terminate the distribution of dividend coupons to a certain owner of overseas listed foreign shares by mail, provided that such power may only be exercised when the dividend remain unclaimed for two consecutive times. However, the Company may also exercise such power if the dividend coupons failed to deliver to the recipient and is returned at the first attempt.

The Company may sell shares in ways as the board of directors thinks fit if the holders of overseas-listed foreign shares are untraceable, provided that:

(1) Dividends have been declared in relation to the relevant shares for at least three times within a period of twelve years, and the dividends were unclaimed within that period;

(2) Upon the expiry of the twelve-year period, the Company has published an announcement on one or more newspapers of the listing locations expressing its intention to sell the shares and notified the stock exchange on which such shares are listed.

## **Section 2 Internal Audit**

**Article 243** The Company shall conduct internal audit and assign full-time auditors to conduct internal audit and supervision on the revenues/expenditures and economic activities of the Company.

**Article 244** The internal audit system and duties of the auditors shall be subject to the approval of the board of directors. The officer in charge of audit shall be accountable to the board of directors and report his work to the same.

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

**Article 245** The Company shall engage an independent accounting firm “qualified for securities business” to audit its financial statements, verify its net assets, and provide other relevant consulting services. The accounting firm shall serve a term of one year, from conclusion of one annual general meeting to conclusion of the next annual general meeting, and may be reengaged.

The first accounting firm of the Company may be appointed at the establishment meeting

before the first annual general meeting. The term of the said accounting firm shall end at conclusion of the first annual general meeting.

If the aforesaid power is not exercised at the establishment meeting, the board of directors shall exercise the said power.

**Article 246** The accounting firm engaged by the Company shall have the following rights:

(1) To inspect the Company's books of account, records or vouchers at any time, and to request the Company's directors, the general managers or other senior management to provide relevant information and explanations;

(2) To request the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations deemed necessary by the accounting firm in performing its functions;

(3) To participate in general meetings, obtain any meeting notices or other information about meetings which any shareholders are entitled to, and speak at any general meetings on matters relating to its capacity as the accounting firm of the Company.

**Article 247** The Company shall ensure the provision of true and complete accounting evidence, books of account, financial and accounting reports and other accounting data to the accounting firm engaged by it, and no refusal, withholding and false information are allowed.

**Article 248** The Company's appointment, dismissal or disengagement of the accounting firm shall be decided at the general meeting and shall be filed with securities regulatory authority under the State Council.

The general meeting shall comply with the following provisions in passing a resolution to appoint a non-incumbent accounting firm to fill any vacancy, to continue to appoint an accounting firm appointed by the board of directors to fill the vacancy, or to dismiss an incumbent accounting firm:

1. The proposal for appointment or dismissal shall, before the notice of a general meeting

is sent, be served to the accounting firm to be appointed or whose service is to be terminated, or who has terminated its service in the relevant fiscal year.

Termination of service shall include dismissal, resignation or retirement.

2. If the accounting firm about to terminate service makes a written statement and requests the Company to notify its shareholders of the said statement, the Company shall take the following actions unless the statement is received too late:

(1) Describe in the notice issued for the resolution that the accounting firm about to terminate service have made a statement; and

(2) Send to the shareholders a copy of the statement as an appendix to the notice in the form specified in the Articles of Association.

3. If the Company fails to send out the statement of the accounting firm as per Item 2 herein, the relevant accounting firm may require that the said statement be read at the general meeting and may lodge a complaint.

4. An accounting firm about to terminate service shall have the right to attend the following meetings:

(1) the general meeting at which its term of appointment expires;

(2) the general meeting for filling the vacancy due to the dismissal thereof;

(3) the general meeting held due to resignation thereof;

The accounting firm about to terminate service shall have the right to receive all notices of the aforesaid meetings or other information relating to the meetings, and to deliver speeches at the aforesaid meetings in relation to the matters concerning it acting as the former accounting firm of the Company.

**Article 249** In the event that the position of the accounting firm is vacant, the board of directors may appoint an accounting firm to fill the said vacancy before convening of a general



meeting. During the said vacancy, if the Company has any other incumbent accounting firm, the said accounting firm may still fulfil its duties.

**Article 250** Regardless of the terms in the contract entered into between the accounting firm and the Company, the general meeting may, through an ordinary resolution, dismiss the said accounting firm before expiry of the term thereof. In regards to any rights the accounting firm may claim against the Company, the said rights shall not be affected.

**Article 251** Remuneration of the accounting firm or the manner in which such firm is remunerated shall be decided by the general meeting. Remuneration of the accounting firm appointed by the board of directors shall be decided by the board of directors.

**Article 252** Where the Company dismisses or does not continue appointing the accounting firm, prior notice shall be given to the accounting firm, and the accounting firm shall be entitled to state its opinions at the general meeting.

Where the accounting firm tenders its resignation, it shall state to the general meeting whether the Company has improper matters.

The accounting firm may resign by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect as on the date of placement at the legal address of the Company, or on a later date specified in the notice. The said notice shall include the following statements:

1. Statement that its resignation does not involve any information needed to be disclosed to the shareholders or creditors of the Company; or
- 2 · Statement that any information is to be disclosed.

The Company shall send a copy of the written notice as mentioned in the preceding paragraph to the relevant competent authority within 14 days after receipt of the said notice. If the notice contains the statement mentioned in Item 2 of the preceding paragraph, the Company shall keep a copy of the said statement in the Company for reference by the shareholders. The Company shall also send the aforesaid copy by prepaid mail to every holder

of overseas listed foreign shares at the address registered in the shareholders' register.

If the notice of resignation of the accounting firm contains a statement with respect to any matters which shall be brought to the attention of the shareholders, the accounting firm may require the board of directors to convene an extraordinary general meeting to listen to its explanation of its resignation.

## **Chapter 10 Notices and Announcements**

### **Section 1 Notices**

**Article 253** Notices of the Company shall be issued by the following methods:

1. by hand;
2. by post;
3. by announcement;
4. by facsimile or email;
5. by publishing on the websites designated by the Company and relevant stock exchanges, subject to laws, administrative regulations, normative documents and relevant requirements of the stock exchanges where the shares of the Company are listed;
6. by other means previously agreed by the Company or the recipients or approved by the recipients upon receipt of the notice;
7. by other means approved by relevant regulatory authority at the location where the shares of the Company are listed or required by the Articles of Association.

Notwithstanding any other provisions contained in the Articles of Association in respect of the publishing or giving notice of any documents, circulars or other communications, the Company may choose to announce such corporate communications by means provided under item 5 of this Article in place of delivering written documents by hand or by post to each holder

of overseas listed foreign shares, subject to relevant requirements of the securities regulatory authority at the location where the shares of the Company are listed. The aforesaid corporate communications refer to any documents issued or to be issued by the Company for the information or action of any shareholders, including but not limited to:

(1) Reports of the board of directors, annual accounts of the Company, auditors' reports and summary financial reports (if applicable);

(2) Interim reports and interim summary reports of the Company (if applicable);

(3) Notices of meetings;

(4) Listing documents;

(5) Circulars;

(6) Proxy forms.

**Article 254** Any notice dispatched to holders of domestic shares by the Company shall be published on one or more newspapers designated by securities regulatory authority under the State Council or the website of the Shanghai Stock Exchange. Once the announcement is published, all holders of domestic shares shall be deemed to have received such announcement.

**Article 255** Unless otherwise stipulated in the Articles of Association, the notices of general meetings, information and written statements of the Company to holders of overseas listed foreign shares shall be delivered by any of the following methods:

(1) by hand or by post to the registered address of each holder of overseas listed foreign shares. Notices to holders of H Shares shall be sent in Hong Kong if possible;

(2) by publishing on the Company's website or websites designated by the stock exchanges where the Company's shares are listed, in accordance with applicable laws, administrative regulations and relevant listing rules;

(3) by the methods required by other stock exchanges where the Company's shares are listed and the Listing Rules.

Any notices in the form of announcement made by executing the power specified by the Articles of Association shall be published on newspapers or websites.

The Company is only required to deliver or send notices, information or other documents to one of the joint shareholders.

**Article 256** Any notices of the Company which are made in the form of a public announcement shall be deemed to have been received by all relevant persons once it is published.

**Article 257** Notices of the shareholders' general meetings of the Company shall be made by announcement.

**Article 258** Notice of the Board meetings of the Company shall be made by hand, post, express, facsimile, email, telephone or other oral forms.

**Article 259** Notices of meetings of board of supervisors of the Company shall be made by hand, post, express, facsimile, email, telephone or other oral forms.

**Article 260** For notices of the Company delivered by hand, an acknowledgement of receipt shall be signed (or stamped) by the recipient and the date of delivery shall be the date on which the acknowledgement is signed; for notices delivered by post, the date of delivery shall be the fifth working day from the mail is delivered to the post office; for notices delivered by express, the date of delivery shall be the third working day from the notice is delivered to the express service providers; for notices delivered by email, the date of delivery shall be the date on which the email is successfully sent to the email address specified by the recipient for the first time, and for notices delivered by way of announcements, the date of delivery shall be the date of first publication.

In the event that the relevant regulations of the securities regulatory authority of the place where the Company's shares are listed requires such documents to be dispatched, mailed, distributed, issued, announced or by any other forms provided to the shareholders in both

English and Chinese version, the Company may (in accordance with the preference of the shareholders concerned) dispatch only the English or the Chinese version to the shareholders concerned if the Company has made proper arrangements to confirm that the shareholders prefer to only receive either the English or the Chinese version and if such arrangements are within the scope and in accordance with the applicable laws and regulations.

**Article 261** The accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

## **Section 2 Announcements**

**Article 262** The Company has designated Shanghai Securities News or other newspapers designated by the securities regulatory authority under the State Council and the website of Shanghai Stock Exchange (website: <http://www.sse.com.cn>) to be the prescribed media for the publication of announcements and other information required to be disclosed of the Company.

**Article 263** The announcements required to be given by the Articles of Association to the holders of overseas listed foreign shares shall be published by the methods prescribed by the Hong Kong Listing Rules.

## **Chapter 11 Merger, Division, Increase and Reduction of Share Capital, Dissolution and Liquidation**

### **Section 1 Merger, Division, and Increase and Reduction of Share Capital**

**Article 264** The Company's merger may take the form of either merger by absorption or merger by reestablishment of a new company.

Where one company is absorbed by another in a merger by absorption, the absorbed company is dissolved. When two or more companies merge to establish a new company, the parties to the merger dissolve.

**Article 265** In relation to mergers or divisions of the Company, a proposal shall be put

forward by the Board of the Company. After the same has been passed according to the procedures provided in the Articles of Association, the relevant approval procedures shall be completed in accordance with laws. Shareholders voting against the proposal for the merger or division of the Company shall be entitled to demand the Company or the shareholders consenting to the proposal for the merger or division of the Company to purchase their shares at a fair price. The resolution on the merger or division of the Company shall be treated as a special document, which shall be available for shareholders' inspection.

The aforementioned document shall be served by post or other means prescribed by the Articles of Association to the holders of overseas listed foreign shares.

**Article 266** As far as mergers are concerned, parties to the merger shall sign a merger agreement, and prepare the balance sheet and a list of property. The Company shall notify its creditors within 10 days, and make an announcement on the merger for at least three times on Shanghai Securities News or other newspapers designated by the securities regulatory authority under the State Council within 30 days from the date of passage of the resolution on the merger. Creditors may, within 30 days upon receipt of the notification, (or for creditors who have not received such notification, within 45 days after the date of the first announcement), request the Company to make repayments or provide corresponding guarantees in respect of its indebtedness.

**Article 267** Upon merger of the Company, the subsisting company after the merger or a newly-established company shall succeed to the creditors' rights and indebtedness of parties to the merger.

**Article 268** As far as divisions are concerned, property of the Company shall be split up accordingly.

Upon division, the balance sheet and a list of property shall be prepared. The Company shall notify its creditors within ten days, and make an announcement on the division for at least three times on Shanghai Securities News or other newspapers designated by the securities regulatory authority under the State Council within 30 days from the date of passage of the resolution on the division.

**Article 269** The indebtedness of the Company prior to the division shall be jointly borne by the demerged companies unless otherwise agreed between the Company and its creditors under a written agreement in relation to the settlement of debts prior to the division.

**Article 270** The Company shall prepare the balance sheet and a list of property when it reduces its registered capital.

The Company shall notify its creditors within 10 days, and make an announcement on the merger for at least three times on Shanghai Securities News or other newspapers designated by the securities regulatory authority under the State Council within 30 days from the date of passage of the resolution on the reduction of registered capital. Creditors may, within 30 days upon receipt of the notification, (or for creditors who have not received such notification, within 45 days after the date of the first announcement), request the Company to make repayments or provide corresponding guarantees in respect of its indebtedness.

**Article 271** In the case that merger or division of the Company results in any changes in registered particulars, modifications of registration shall be completed with the company registration authority according to law; in the case of dissolution, the deregistration shall be made according to law; in the case of the establishment of a new company, the registration of incorporation shall be made according to law.

In the case that the Company increases or reduces its share capital, such changes shall be registered with the registration authority in accordance with the law.

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

**Article 272** The Company dissolves for the following reasons:

(1) The term of business operation as prescribed by the Articles of Association expires or any of the situations for dissolution prescribed in the Company's Articles of Association occurs;

(2) The general meeting decides to dissolve the Company;

(3) It is necessary to be dissolved due to merger or split-up of the Company;

(4) The business license is cancelled, or it is ordered to close down or to be dissolved according to laws;

(5) Where the Company meets any serious difficulty in its operations or management so that the interests of the shareholders will face heavy loss if the Company continues to exist and the difficulty cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of all the shareholders of the Company may plead the people's court to dissolve the Company;

(6) The Company is declared insolvent according to law because it is unable to pay its debts as they fall due.

**Article 273** In Item (1) under Article 272 of the Articles of Association, the Company may continue to subsist by amending the Articles of Association.

Amendment to the Articles of Association pursuant to the preceding paragraph shall be adopted by shareholders representing 2/3 or more of the voting rights of the shareholders in presence.

**Article 274** Where the Company is dissolved according to the provisions of Items (1), (2), (4) and (5) under Article 272 of the Articles of Association, a liquidation group shall be formed within 15 days after the occurrence of the cause of dissolution. The liquidation group shall be composed of people determined by the directors or the general meeting. Where no liquidation group is formed within the time limit, the creditors may plead the people's court to designate relevant persons to form a liquidation group.

Where the Company is dissolved according to the provisions of Item (6) under Article 272 of the Articles of Association, it shall carry out a bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.

**Article 275** If the board of directors decides to liquidate the Company (save for liquidation when the Company is declared bankrupt), the notice of general meeting to be held therefor shall contain a statement that the board of directors has made thorough investigation on the conditions of the Company and that the Company may repay all the debts of the



Company within 12 months after commencement of liquidation.

After the resolution on liquidation is adopted at the general meeting, the powers of the board of directors shall terminate immediately.

The liquidation group shall, as per the instructions of the general meeting, report to the general meeting at least once a year about the revenues and expenses of the liquidation group, the businesses of the Company and the progress of liquidation, and deliver a final report to the general meeting at the end of liquidation.

**Article 276** The liquidation group may exercise the following functions during the process of liquidation:

- (1) Liquidating the properties of the Company, producing balance sheets and checklists of properties;
- (2) Notifying creditors by mail or public announcement;
- (3) Handling and liquidating the unfinished business of the Company;
- (4) Paying off the outstanding taxes and the taxes incurred in the process of liquidation;
- (5) Claiming credits and paying off debts;
- (6) Disposing the remaining properties after all the debts being paid off; and
- (7) Participating in the civil proceedings of the Company.

**Article 277** The liquidation group shall, notify the creditors within 10 days after its formation and make a public announcement for at least three times on Shanghai Securities News or other newspapers designated by the securities regulatory authority under the State Council within 10 days after its formation. The creditors shall, within 30 days after receiving the notice or within 45 days after the first issuance of the public announcement in the case of failing to receiving a notice, declare their credits before the liquidation group.

To declare credits, a creditor shall describe the relevant matters and provide relevant evidential materials. The liquidation group shall record the declared credits.

The liquidation group may not pay off any debts to any creditors during the period of credit declaration.

**Article 278** The liquidation group shall, after liquidating the properties of the Company and producing balance sheets and checklists of properties, make a plan of liquidation and report to the general meeting or the people's court for confirmation.

After paying off the liquidation expenses, wages of employees, social insurance premiums and legal indemnities, the outstanding taxes and the debts of the Company, the remaining properties may be distributed according to the proportion of shares held by the shareholders of the Company.

During the liquidation, the Company continues to exist but may not carry out any business operation that has nothing to do with liquidation. None of the properties of the Company may be distributed to any shareholder before payments are made as specified above.

**Article 279** If the liquidation group finds that the properties of the Company are not sufficient for paying off the debts after liquidating the properties of the company and producing balance sheets and checklists of properties, it shall file an application to the people's court for bankruptcy.

Once the people's court makes a ruling declaring the Company bankrupt, the liquidation group shall hand over the liquidation matters to the people's court.

**Article 280** After the completion of the liquidation of the Company, the liquidation group shall prepare a liquidation report and a statement of income and expenditure incurred during the liquidation and the financial books and submit the same to a shareholders' general meeting or relevant regulatory authorities for confirmation after they have been audited by a PRC certified public accountant.

The liquidation group shall file the aforementioned documents with the company registration authority within 30 days after the date of confirmation of the shareholders' general

meeting or relevant regulatory authorities for the purpose of applying for the deregistration of the Company. An announcement of the termination of the Company shall be made.

**Article 281** The members of the liquidation group shall devote themselves to their duties and perform their obligations of liquidation according to law.

None of the members of the liquidation group may take advantage of his position to take any bribe or any other illegal proceeds, nor may he misappropriate any of the properties of the Company.

Where any of the members of the liquidation group causes any loss to the Company or any creditor by intention or due to gross negligence, he shall make respective compensations.

**Article 282** If the Company is declared insolvent according to law, insolvent liquidation shall be proceeded in accordance with laws regarding enterprise insolvency.

## **Chapter 12 Amendments to the Articles of Association**

**Article 283** The Company may amend the Articles of Association pursuant to laws, administrative regulations and the Articles of Association. The Company shall amend the Articles of Association under any of the following circumstances:

(1) After amendments are made to Company Law or relevant laws and administrative regulations, the Articles of Association run counter to the said amendments;

(2) The Company's conditions have changed, and such change is not covered in the Articles of Association; and

(3) The general meeting has resolved to amend the Articles of Association.

**Article 284** Any amendment approved by the general meeting to the Articles of Association shall be submitted to the competent authority for approval where necessary; if the amendment to the Articles of Association involves any content of Mandatory Provisions, the said amendment shall be subject to approval by the company approval authority authorized by the State Council and securities regulatory authority under the State Council (if applicable); if

the amendment involves registration of the Company, the involved change shall be registered pursuant to law.

**Article 285** The board of directors shall amend the Articles of Association as per the resolution passed at the general meeting to amend the same and the opinions of relevant competent authorities.

**Article 286** Where the amendments to the Articles of Association involve matters requiring disclosure by laws and regulations, the amendments shall be announced in accordance with regulations and the provisions of the Hong Kong Listing Rules shall be observed.

### **Chapter 13 Settlement of Disputes**

**Article 287** The Company shall settle disputes following the rules below:

(1) In the event of any dispute or claim between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor, general manager or other senior executives, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations as specified in Articles of Association, the Company Law and other relevant laws and administrative regulations relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, the general manager, or other senior executives.

Disputes relating to definition of shareholders and shareholders' register may be settled other than through arbitration.

(2) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration by following the arbitration rules thereof, or may select

Hong Kong International Arbitration Centre for arbitration by following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitration agency selected by the applicant.

If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.

(3) Settlement of disputes or claims set out in Item (1) of this Article by way of arbitration shall be governed by the PRC laws, save as otherwise specified by laws and administrative regulations.

(4) The arbitration award made by the arbitration agency shall be final and binding on both parties.

## **Chapter 14 Supplementary Provisions**

### **Article 288** Definitions

(1) The “controlling shareholder” referred to herein shall mean the shareholder whose ordinary shareholdings represent over 50% the total share capital of the Company; if short of 50%, whose entitlement to voting rights attached to its ordinary shares is sufficient to materially affect the resolutions proposed at the general meeting of the Company; or the person as defined in Article 67 of the Articles of Association.

(2) The “de facto controller” referred to herein shall mean any person who is not a shareholder of the Company, but has de facto control over actions of the Company through the investment relationship, an agreement or other arrangements.

(3) The “connected relationship” referred to herein shall mean the relationship between a controlling shareholder, de facto controller, director, supervisor or senior management member of the Company and its directly or indirectly controlled enterprise and other relationships which may result in the transfer of the Company’s interests. However, state-owned enterprises

may have connected relationships not merely because they are under common control of the State.

(4) A “business day” referred to in the Articles of Association shall mean any day on which the Hong Kong Stock Exchange is open for the business of dealing in securities.

**Article 289** The Board may formulate bylaws to the Articles of Association in accordance with the provisions thereof. The bylaws must not contradict the provisions of the Articles of Association.

**Article 290** The Articles of Association is written in Chinese. In case of any discrepancies among the various versions in different languages, the latest Chinese version approved by and registered with the Administration for Industry & Commerce of Fuzhou shall prevail.

**Article 291** The “above”, “within” and “below” referred to herein shall be inclusive of the stated figure; while “other than”, “lower than” and “more than” are not inclusive of the stated figure.

**Article 292** For purposes of the Articles of Association, the “accounting firm” has the same meaning as the “auditor”.

**Article 293** The Board shall be responsible for the interpretation of the Articles of Association.

**Article 294** The appendices to the Articles of Association shall include rules of procedure of the general meeting, the Board and the supervisory committee.

**Article 295** Where there are provisions by the PRC governing preference shares, such provisions shall prevail.

**Article 296** After reviewed and approved by the general meeting of the Company, the Articles of Association is effective from the overseas listed foreign shares of the Company (H share) are issued and listed on the Main Board of The Stock Exchange of Hong Kong Limited.