

**ARTICLES OF ASSOCIATION**  
**of**  
**FUYAO GLASS INDUSTRY GROUP CO., LTD.**  
**( First amendments in 2026 )**

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## 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 Interim Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, the Guidelines on Articles of Association of Listed Companies (hereinafter referred to as the “Guidelines on Articles”), the 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, staffs 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 relevant laws, administrative regulations and other relevant requirements of PRC.

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 has registered with the Administration for Market Regulation of Fuzhou City and obtained its business license. The unified social credit code of the Company is 91350100611300758B.

**Article 3** The Company issued 57.19 million shares to other legal persons and its internal staffs approved by a document 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 RMB2,609,743,532.

**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. The chairman of the Board is the director executing the Company's affairs on behalf of the Company. If the chairman serving as the legal representative resigns, he shall be deemed to have resigned as the legal representative at the same time. Upon resignation of the legal representative, the Company shall determine a new legal representative within thirty days from the date of the resignation.

**Article 9** The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company.

The limitation on the functions and powers of the legal representative stipulated in the Articles of Association or by the shareholders' meeting shall not be enforceable against a bona fide counterpart.

Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall bear civil liability for such damage. The Company may, after

bearing such civil liability, seek indemnification from the legal representative at fault in accordance with laws or the Articles of Association.

**Article 10** 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 11** 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 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 and senior management, the shareholders may pursue actions against the Company, and the Company may pursue actions against its shareholders, directors and senior management.

**Article 12** Senior management in the Articles of Association refers to the general manager, the deputy general manager, secretary to the Board, chief financial officer of the Company and other personnel specified in the Articles of Association.

**Article 13** The Company may invest in other enterprises. Where the law stipulates that the Company shall not be the capital contributor bearing joint liability associated with the debts of the invested enterprises, such provision shall prevail.

**Article 14** Pursuant to the requirements of the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China, and carry out the activities of the Party. The Company shall provide necessary support to facilitate the activities of the Party.

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

**Article 15** The business objective of the Company is to adhere to scientific and

technological innovation, promote the high-quality and sustainable development of the Company, create good economic and social benefits, bring satisfied return on investment 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 China, the prosperity of the society and the progress of the humanity.

**Article 16** 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 17** There must be ordinary shares in the Company at all times. The Company may issue other classes of shares pursuant to relevant national laws, administrative regulations, and the relevant provisions of the CSRC and other regulatory authorities.

**Article 18** The shares of the Company are held in form of stocks.

**Article 19** The Company’s issuance of shares to domestic investors and foreign investors shall be subject to registration or filing procedures with the CSRC or other regulatory authorities in accordance with the law.

“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 20** 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 21** 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 subscriber shall be identical.

**Article 22** The par-value 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 23** 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 24** 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 25** Before the H shares of the Company are issued for the first time in March 2015, 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 (鴻橋海外控股有限公司)(formerly known as “Home Bridge Overseas Limited(鴻橋海外有限公司)” 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 26** After the H shares of the Company are issued by placement in May 2021, the capital structure of the Company is: the total number of issued ordinary shares is

2,609,743,532 shares, consisting of 2,002,986,332 domestic-listed ordinary shares denominated in RMB (A shares) and 606,757,200 overseas-listed foreign shares (H shares).

**Article 27** The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance by gifts, advances, guarantee, borrowings and other forms for any persons to obtain the shares of the Company or its parent company, except for the implementation of the employee stock ownership plan of the Company.

In the interests of the Company, by a resolution of the shareholders' meeting or a resolution of the Board in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance for other persons to obtain the shares of the Company or its parent company, provided that the total accumulative amount of the financial assistance shall not exceed ten percent (10%) of the total issued share capital. Resolutions of the Board shall be passed by more than two-thirds of all the directors. Where the Company or its subsidiaries (including affiliates of the Company) engage in any act described in this article, it/they shall comply with the provisions of laws, administrative regulations, the requirements of the CSRC and the stock exchange on which the shares of the Company are listed. The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance by gifts, advances, guarantee, borrowings and other forms for any persons to obtain the shares of the Company or its parent company, except for the implementation of the employee stock ownership plan of the Company. In the interests of the Company, by a resolution of the shareholders' meeting or a resolution of the Board in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance for other persons to obtain the shares of the Company or its parent company, provided that the total accumulative amount of the financial assistance shall not exceed ten percent (10%) of the total issued share capital. Resolutions of the Board shall be passed by more than two-thirds of all the directors.

Where the Company or its subsidiaries (including affiliates of the Company) engage in any act described in this article, it/they shall comply with the provisions of laws, administrative regulations, the requirements of the CSRC and the stock exchange on which the shares of the Company are listed.

## **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 resolutions of the shareholders' meeting, the Company may increase its capital through the following ways:

- (1) offering of shares to unspecified targets;
- (2) offering of shares to specified targets;
- (3) offer of bonus shares to existing shareholders;
- (4) conversion of common reserve fund into share capital;
- (5) other methods stipulated by laws and administrative regulations and the CSRC.

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 shall not repurchase its own shares, except in one of the following situations:

- (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 shareholders' 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** The Company may purchase its shares through public and centralized transaction, or other ways approved by the law, administrative regulations, and the CSRC. 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 securities 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) of the first paragraph 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 under any of the circumstances as mentioned in items (1) and (2) of the first paragraph under Article 30 of the Articles of Association, it shall be subject to a resolution of the shareholders' meeting. Where the Company needs to purchase its own shares under any of the circumstances as mentioned in Items (3), (5) and (6) of the first paragraph 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 the first paragraph under Article 30 of the Articles of Association, 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 or cancel them 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 number of shares in issue and the Company shall transfer or cancel them within three years. Where laws, administrative regulations, departmental rules, the listing rules of the stock exchanges on which the securities of the Company are listed provide otherwise in respect of the cancellation of shares, such provisions prevail.

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

**Article 33** 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. The Company's shares shall be transferred in accordance with the laws.

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 34** 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 35** The Company does not accept the shares of the Company as the subject matter of any pledge.

**Article 36** 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 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. The shares transferred by them every year during their terms of office as determined at the time of taking office shall not exceed 25% of their holdings in the Company's shares of the same class. No transfer of their holdings in the Company's shares

shall be made within one year after the Company's shares were listed for trading and within six months after they cease to hold their respective offices.

Where laws, administrative regulations, the securities regulatory authorities of the place where the Company's shares are listed, or the stock exchanges on which the shares of the Company are listed impose other regulations on the transfer of the Company's shares held by shareholders, such regulations shall prevail.

**Article 37** When shareholders holding more than 5% of the shares of the Company, directors or senior management of the Company sell their shares or other securities with the nature of equity within six months from the acquisition of such shares or securities, or purchase shares or securities within six months from the disposal of such shares or securities, the Board of the Company shall repatriate any profits derived from such dealings and the profits derived shall be vested in the Company. However, it shall not be applicable to any sale of shares by securities companies holding over 5% of the shares of the Company as a result of acquiring the remaining shares pursuant to underwriting arrangement, and other circumstances as stipulated by the CSRC.

For the purpose of the preceding paragraph, shares or other securities with the nature of equity held by directors, senior management and natural person shareholders include those held by their spouse, parents, and children and held under accounts opened by others.

Shareholders may require the Board to comply with the requirement set out in the first clause of this article 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 of this article, the Directors responsible shall bear joint liability.

#### **Section 4 Shares and Register of Shareholders**

**Article 38** 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.

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 39** 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 40** 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 Company shall keep a register of shareholders according to the proof provided by the securities registration and clearing authority. 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 41** 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 42** The Company shall keep a complete register of shareholders for shareholders' inspection.

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 43** 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 44** If 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 stipulate on the period of closure of the register of shareholders of the Company prior to a shareholders' meeting or prior to the base date on which the Company decides to distribute dividends, such provisions shall prevail.

**Article 45** 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 46** 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 47** 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 48** 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' Meetings**

### **Section 1 General Provisions of Shareholders**

**Article 49** 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 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' 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 50** When the Company needs to confirm the identity of a shareholder for holding a shareholders' meeting, distributing dividends, conducting liquidation and engaging in other acts, the Board of Directors or the convener of the shareholders' meeting shall determine a record date. Shareholders registered in the register after the close of trading on the record date shall be entitled to the relevant rights.

**Article 51** 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 call, convene, preside over and attend or appoint a proxy to attend a shareholders' meeting, and exercise the corresponding voting rights in accordance with the law;

(3) carry out supervision of the Company's 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 securities regulatory authority where the shares are listed and the provisions hereof;

(5) inspect and copy the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of the Board, and disclosed financial and accounting reports, and (a shareholder who meets the relevant requirements may) inspect the Company's accounting books and vouchers;

(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' 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 the Articles of Association.

**Article 52** Shareholders who request to inspect and copy relevant materials of the Company shall abide by the Company Law, the Securities Law and other laws and administrative regulations. Shareholders shall submit a written application to the Company stating the purpose of the request, and shall provide documentation certifying the class and number of the Company's shares they hold. Upon verifying shareholder's identity, the Company shall notify the shareholder to inspect and copy the relevant materials at a location designated by the Company. The shareholder shall sign a confidential agreement or letter of confidentiality undertaking as required by the Company.

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 53** In the event that the particulars of a resolution passed at a shareholders' meeting or a Board meeting are in violation of laws or administrative regulations, the shareholders shall have the right to request a people's court to declare the resolution invalid.

In the event that the procedures for convening a shareholders' 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 request a people's court to revoke the resolution within sixty days from the date of the resolution. However, this shall not apply when there are only minor defects in the convening procedures or voting method of the shareholders' meeting or Board meeting that do not materially affect the resolution.

Where the Board, shareholders and other relevant parties dispute the validity of a resolution passed at the shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a judgement or ruling such as a revocation of the resolution, the relevant parties shall execute the resolution of the shareholders' meeting. The Company, directors and senior management shall diligently perform their duties to ensure the normal operations of the Company.

Where the people's court makes a judgement or ruling on a relevant matter, the Company shall fulfil its obligation to disclose the information in accordance with the laws, administrative regulations, requirements of the CSRC and the stock exchange, fully explain the impact, and actively co-operate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

**Article 54** Resolutions of the shareholders' meeting or Board meeting of the Company shall not be valid under any of the following circumstances:

(I) no shareholders' meetings or Board meetings has been convened to pass a resolution;

(II) the resolution is not voted on at the shareholders' meeting or Board meeting;

(III) the number of persons attending the meeting or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles of Association;

(IV) the number of persons agreeing to the resolution or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles of Association.

**Article 55** In the event that a director or a senior management officer, other than members of the audit committee of the Board (the “Audit Committee”) 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 collectively hold more than one percent of voting shares of the Company for one hundred and eighty consecutive days or more shall have the right to request in writing that the Audit Committee brings legal action before a people’s court. In the event that a member of the Audit Committee violates laws, administrative regulations or the Articles of Association when executing his/her duties for the Company, thus causing losses to the Company, the aforesaid shareholders may request in writing that the Board bring legal action before a people’s court.

In the event that the Audit Committee or the Board 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 if any emergency situation arises where not taking immediate legal action would 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 people’s court in their own names for 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 people’s court in accordance with the provisions of the preceding two paragraphs.

Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors, supervisors and senior management of a wholly-owned subsidiary of the Company in the course of performing their duties, or if any third parties infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, shareholders individually or jointly holding 1% or more of the shares of the Company for one hundred and eighty consecutive days or more may request in writing the board of supervisors or the board of directors of the wholly-owned subsidiary to initiate legal action in the people’s court or directly initiate legal action in the people’s court in its own name in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law.

If the Company's wholly-owned subsidiary has not established the board of supervisors or any supervisor, but has established an audit committee of the board, the matter shall be dealt with in accordance with the first and second paragraphs of this article.

**Article 56** 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 57** 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) not withdraw equity capital unless provided by laws and regulations;

(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;

(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 58** Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be legally liable for compensation. Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders to evade debt repayment, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the Company's debts.

## Section 2 Controlling Shareholders and De Facto Controller

**Article 59** The controlling shareholder and the de facto controller of the Company shall exercise their rights and fulfill their obligations in accordance with the laws, administrative regulations, the regulations of the CSRC and the stock exchange, in order to safeguard the interests of the listed company.

**Article 60** Controlling shareholders and de facto controller of the Company shall comply with the following provisions:

(1) exercise their rights as shareholders in accordance with the law and not abuse their control or use their connected relationship to prejudice the legitimate interests of the Company or other shareholders;

(2) strictly fulfil their public statements and various undertakings and not change or waive such statements and undertakings without authorization;

(3) fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are intended to occur;

(4) not appropriate the Company's funds in any way;

(5) not order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;

(6) not make use of the Company's undisclosed material information to gain benefits, nor disclose in any way undisclosed material information relating to the Company, nor engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;

(7) not prejudice the legitimate interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment or any other means;

(8) ensure the integrity of the Company's assets, and the independence of its personnel,

finance, organization and business, and not affect the independence of the Company in any way;

(9) comply with laws, administrative regulations, provisions of the CSRC, business rules of stock exchanges and other requirements of the Articles of Association.

The provisions regarding the fiduciary duties and duties of diligence of directors as contained in the Articles of Association shall apply to the controlling shareholder and the de facto controller of the Company who do not serve as directors but actually carry out the Company's affairs.

Where a controlling shareholder or de facto controller of the Company instructs a director or senior management officer to engage in acts detrimental to the interests of the Company or its shareholders, he/she shall bear joint and several liability with the director or senior management officer.

A director or senior management officer 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 officer assists in or connives at the Company's assets being occupied by the controlling shareholders and their affiliates, the Board shall, depending on the severity of the situation, impose disciplinary action on those directly responsible and dismiss directors who bear significant responsibility. The Board shall establish a "Occupying Equals Freezing" mechanism for shares held by the substantial shareholders, meaning that a judiciary freeze shall be applied immediately in the event that the controlling shareholder is found to be 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 61** Where a controlling shareholder or de facto controller pledges the shares of the Company that he/she holds or effectively controls, he/she shall maintain the stability of the Company's control and its production and operations.

**Article 62** Where a controlling shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in laws, administrative regulations, the regulations of the CSRC and

the stock exchange, as well as his/her undertakings in respect of restrictions on the transfer of shares.

### **Section 3 General Rules of Shareholders' Meetings**

**Article 63** The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting shall be the Company's authority and shall exercise the following duties and powers:

- (1) elect and replace directors, and decide on the remuneration of directors;
- (2) consider and approve the report of the Board of Directors;
- (3) consider and approve the Company's profit distribution plan and loss recovery plan;
- (4) make a resolution on the increase or decrease of the registered capital of the Company;
- (5) make a resolution on the issuance of corporate bonds;
- (6) make a resolution on the merger, division, dissolution or liquidation of the Company, or on the change in the form of the Company;
- (7) amend the Articles of Association;
- (8) make a resolution on the Company's engagement or dismissal of an accounting firm undertaking audit services of the Company;
- (9) consider and approve the guarantees prescribed in Article 64 hereof;
- (10) 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;
- (11) consider and approve changes in the use of proceeds;
- (12) consider an equity incentive plan and employee shareholding plan;

(13) consider other matters on which resolutions shall be made by a shareholders' meeting as required by laws, administrative regulations, departmental rules, the securities regulatory authority of the location where the Company's shares are listed or the Articles of Association.

The shareholders' meeting may authorize the Board to make a resolution on the issuance of corporate bonds.

Shares and corporate bonds convertible into shares of the Company may be issued by a resolution of the shareholders' meeting or by a resolution of the Board as authorized by the Articles of Association or the shareholders' meeting, the specific implementation of which shall comply with the laws, administrative regulations, the requirements of the CSRC and the securities regulatory authority of the location where the Company's shares are listed.

**Article 64** The following external guarantees by the Company shall be considered and approved by a shareholders' meeting.

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

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

(3) any guarantee provided by the Company to others where the amount of guarantees within one year exceeds thirty percent of the latest audited total assets of the Company;

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

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

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

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

When any guarantee as described in item (3) in the preceding paragraph is considered at the shareholders' meeting of the Company, it shall be approved by shareholders representing more than 2/3 of the voting rights of the shareholders in presence.

Relevant responsible persons shall be liable for the corresponding liabilities in the event of violation of the approval scope of external guarantees and consideration procedure, resulting in any loss to the Company. The relevant responsible persons will be subject to corresponding administrative sanction depending on the economic loss suffered by the Company and severity of the situation.

**Article 65** Shareholders' meetings include annual shareholders' meeting and extraordinary shareholders' meeting. An annual shareholders' meeting shall be convened once each year, and held within six months after the end of the previous fiscal year.

**Article 66** The Company shall convene an extraordinary shareholders' meeting within two months from the occurrence of any of the following events:

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

(2) the losses not yet made up by the Company account for one-third of the total 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 Audit Committee proposes convening the meeting;

(6) other cases as required by laws, administrative regulations, departmental rules or

the Articles of Association.

**Article 67** A shareholders' meeting of the Company shall be convened at the registered address of the Company (Fuyao Industrial Village, Fuqing City, Fujian Province) or other locations stated in the notice of the shareholders' meeting.

A venue shall be available for a shareholders' meeting which shall be held as an on-site meeting. The Company shall also adopt secure, economical and convenient network and other means to facilitate shareholders' participation as well as their ability to speak and vote at the shareholders' meetings.

**Article 68** When the Company holds a shareholders' 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 the requirements of laws, administrative regulations and the 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 4 Convening of Shareholders' Meeting**

**Article 69** The Board shall convene the shareholders' meeting on time within the prescribed time limit.

As approved by a majority of all independent directors, independent directors shall have the right to propose to the Board of Directors the convening of an extraordinary shareholders' meeting. With respect to this proposal, the Board of Directors shall, in accordance with laws,

administrative regulations and the 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 shareholders' meeting.

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

**Article 70** The Audit Committee shall propose to the Board of Directors the convening of an extraordinary shareholders' meeting and shall do so in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the 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 shareholders' meeting.

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

In the event that the Board of Directors does not agree to convene the extraordinary shareholders' 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' meeting. The Audit Committee may convene and preside over a meeting on their own.

**Article 71** Shareholders individually or jointly holding more than ten percent of shares of the Company shall request the Board of Director for convening an extraordinary shareholders' meeting, and shall do so in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the 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 shareholders' meeting.

In the event that the Board of Directors agrees to convene the extraordinary shareholders'

meeting, it shall issue a notice of convening a shareholders' 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 shareholders' 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 propose to the Audit Committee the convening of an extraordinary shareholders' meeting, and shall do so in writing.

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

In the event that the Audit Committee does not issue a notice of shareholders' 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 and the Audit Committee do not hold the meeting at the request above, the reasonable expenses incurred therefrom shall be borne by the Company.

**Article 72** In the event that the Audit Committee or a shareholder decides to convene a shareholders' meeting on its own, it or he shall notify the Board of Directors in writing and report the same to the Shanghai Stock Exchange for the record.

The Audit Committee or the convening shareholders shall submit relevant evidence to the Shanghai Stock Exchange when giving a notice of shareholders' meeting and making an announcement on the resolutions made at such meeting.

Before making an announcement on a resolution made at the shareholders' meeting, the

percentage of shares held by the convening shareholders may not be less than ten percent.

**Article 73** The Board of Directors and the secretary to the Board of Directors shall cooperate with the Audit Committee or the shareholders in convening a shareholders' meeting on it/their own. The Board of Directors will provide the register of shareholders as at the record date.

**Article 74** The Company shall bear the expenses necessary for a shareholders' meeting convened by the Audit Committee or the shareholders on it/their own.

### **Section 5 Proposal and Notice of the Shareholders' Meeting**

**Article 75** The particulars of a proposal shall be part of the terms of reference of a shareholders' meeting, containing clear issues and specific matters for resolutions, and being in compliance with laws, administrative regulations and relevant provisions hereof.

**Article 76** The Board of Directors, the Audit Committee and shareholders individually or jointly holding more than one percent of shares of the Company shall have the right to submit proposals to the Company on holding a shareholders' meeting, and these proposals shall be submitted or served in writing.

Shareholders individually or jointly holding more than one 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' meeting or before the deadline of issuing a supplementary circular of shareholders' meeting as required by the Hong Kong Listing Rules, whichever is earlier. The convenor shall issue a supplementary notice of shareholders' meeting within two days of receiving the proposals to publish particulars of the provisional proposals, and shall submit the provisional proposals to the shareholders' meeting for consideration. However, this does not apply if the provisional proposals are in violation of laws, administrative regulations or the provisions of the Articles of Association, or if they do not fall within the terms of reference of the shareholders' meeting.

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

announcement on the notice of shareholders' meeting.

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

**Article 77** For an annual shareholders' meeting, the convenor will notify the shareholders by way of announcement twenty days prior to the meeting. For an extraordinary shareholders' meeting, the convenor will notify the shareholders by way of announcement fifteen days prior to the meeting. However, if laws, administrative regulations, departmental rules, normative documents and relevant stock exchanges or regulatory authorities in the place where the shares of the Company are listed have other requirements regarding the notice period for annual shareholders' meeting and/ or extraordinary shareholders' meeting, those requirements shall prevail.

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

**Article 78** A notice of shareholders' meeting shall be made in writing and contain the following:

(1) the time, place and duration of the meeting;

(2) matters and proposals to be considered at the meeting;

(3) it shall explain in clear text that all ordinary shareholders (including shareholders of preference shares with voting rights restored, if any) have rights to attend and vote at the shareholders' meeting either in person or by proxy in writing, and that such proxy needs not be a shareholder of the Company;

(4) the record date on which shareholders have the right to attend the shareholders' meeting;

(5) the names and telephone numbers of permanent contact persons for the affairs of the meeting;

(6) the voting time and voting procedure for voting on the network or otherwise.

Voting at the shareholders' meeting on the network or otherwise shall commence not earlier than 3:00 pm on the day prior to an on-site shareholders' meeting, and not later than 9:30 am on the day of the on-site shareholders' meeting, and shall finish not earlier than 3:00 pm on the day of closing the on-site shareholders' meeting.

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

**Article 79** In the event that the election of directors is to be discussed at a shareholders' meeting, the notice of the shareholders' meeting shall fully disclose details of candidates for the directors, 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 connected relationship with the Company or its controlling shareholders and de facto controllers;

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

(4) whether or not they have been penalized by the CSRC and other relevant departments, and disciplined by the stock exchange.

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

**Article 80** Unless otherwise prescribed by the Articles of Association, the notice of a shareholders' meeting shall be served on shareholders (whether or not such shareholders are entitled to vote at the shareholders' meeting) by personal delivery or pre-paid mail to the address of the shareholders as shown in the register of shareholders. For the domestic shareholders, the notice of a shareholders' meeting can also be served by means of public announcement.

The aforesaid announcement shall be disclosed in one or more newspapers or on websites

specified or recognized by the securities regulatory authority of the place where the Company's shares are listed. All holders of the domestic shares shall be deemed to have received the notice of the relevant shareholders' meeting upon the publication of such announcement.

Subject to the laws, administrative regulations, normative documents and relevant requirements of the securities regulatory authority of the place where the Company's shares are listed and fulfilling relevant prescribed procedures, the Company can issue the notice of shareholders' 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 the Articles of Association in lieu of distributing the notice to the holders of overseas listed foreign shares by hand or by postage prepaid mail.

**Article 81** After a notice of shareholders' meeting is given, the shareholders' meeting shall not be postponed or canceled, and the proposals set out in the notice of shareholders' 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 6 Holding Shareholders' Meetings**

**Article 82** The Board of Directors and other conveners of the Company shall take all necessary measures to ensure the normal order of the shareholders' meeting. 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 83** All shareholders, including ordinary shareholders and holders of shares with special voting rights (if any) recorded in the register on the record date or their proxy shall have the right to attend shareholders' meetings and exercise the rights to vote in accordance with the relevant law, regulations and the Articles of Association.

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

**Article 84** Any shareholder entitled to attend and vote at a shareholders' 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 authorized by the said shareholder:

(1) To exercise the shareholder's right to speak at the shareholders' 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 shareholders' meeting; however, where more than one persons is thus authorized, the power of attorney shall specify the numbers and classes of shares involved for each authorized persons. The power of attorney shall be signed by the authorized personnel of the Recognized Clearing House. The persons thus authorized may attend the meetings (without being required to present share certificate, notarized authorization and/or further evidence of due authorization) and exercise rights (including the rights to speak and vote) on behalf of the Recognized Clearing House (or proxy thereof), as if the said persons were the individual shareholders of the Company.

**Article 85** 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.

An individual shareholder attending a meeting in person shall present his/her identity card or other valid identification documents; a proxy attending a meeting on behalf of an individual

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 corporate shareholder.

**Article 86** The power of attorney issued by a shareholder authorizing another person to attend the shareholders' meeting shall state the following information:

(1) name of the principal, class and number of shares held in the Company;

(2) name of the proxy;

(3) specific instructions from the shareholders, including instructions on voting for (i.e. agreeing), against or abstaining on each matter listed on the agenda of the shareholders' meeting;

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

(5) the signature (or the seal) of the principal. If the principal is a corporate shareholder, the document shall bear the seal of legal person entity, or be signed by its director or duly appointed proxy.

**Article 87** 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 meeting and respectively state the matters to be voted of every proposal.

**Article 88** Where the voting proxy 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.

**Article 89** 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 90** 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, the number of shares carrying voting rights held or represented, the names (or the organization names) of the proxies and so on.

**Article 91** The convener and the lawyer engaged by the Company shall jointly verify the validity of the qualification of the shareholders in accordance with the register of shareholders provided by the securities registration and clearing institution and overseas proxy agencies, 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 (i.e., the meeting host, the same below) 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 92** If the shareholders' meeting requests the attendance of directors and the senior management officers, the directors and the senior management officers shall attend the meeting and respond to the shareholders' inquiries.

**Article 93** Where the shareholders' 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 (if any) shall preside over and act as the chairman of the meeting. If both the chairman and the vice chairman (if any) are unable to attend or unable or fail to perform duties, a director jointly elected by a majority of the directors shall preside over the meeting and act as the chairman of the meeting.

The shareholders' meeting convened by the Audit Committee shall be presided over by the chairman of the Audit Committee (i.e., the convener, the same below). In the event that the

chairman of the Audit Committee is unable or fails to perform his/ her duties, a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee shall preside over the meeting.

The shareholders' meeting convened by the shareholders shall be presided over by the convener or a representative nominated by him/her.

During a shareholders' meeting, if the chairman of the meeting violates the rules of procedure of meeting and the shareholders' meeting cannot proceed as the result thereof, a person may be elected at the shareholders' meeting 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 94** The Company shall formulate the rules of procedure of shareholders' meetings which specifies the rules of calling, convening the shareholders' meeting and the voting procedure in the shareholders' meeting 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 shareholders' meeting. The rules of procedure of shareholders' meetings shall be drafted by the Board of Directors and approved by the shareholders' meeting and shall act as the appendix of the Articles of Association.

**Article 95** At the annual shareholders' meeting, the Board of Directors shall report to the shareholders' meeting on its work over the previous year. Each and every independent director shall also submit his/her duty report.

**Article 96** The directors and senior management officers shall provide explanations and illustrations for the enquiries and recommendations made by the shareholders at the shareholders' meeting.

**Article 97** 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 98** Minutes of the shareholders' meeting 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 meeting, and names of the directors and senior management officers who attend the meeting;

(3) the number of shareholders and proxies present at the meeting, 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 99** The convener shall ensure that the contents of the minutes are true, accurate

and complete. The directors, the secretary to the Board of Directors, the convener or his/her representative, and the chairman of the meeting (meeting host) present at or attend 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 powers 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 100** The convener shall ensure the shareholders' meeting 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 CSRC Fujian Office and the stock exchanges on which the shares of the Company are listed.

### **Section 7 Voting and Resolutions at Shareholders' Meetings**

**Article 101** Resolutions of a shareholders' 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 present at the shareholders' meeting.

Special resolutions shall be adopted by shareholders representing 2/3 or more of the voting rights of the shareholders present at the shareholders' meeting.

The shareholders referred to in this article include shareholders who appoint proxies to attend shareholders' meetings.

**Article 102** The following issues shall be approved by ordinary resolutions at a shareholders' meeting:

- (1) Reports of the Board of Directors;
- (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, their remunerations and the method of payment thereof;

(4) Other matters other than those required by laws, administrative regulations, or by the listing rules of stock exchanges on which the shares of the Company are listed or by the Articles of Association to be approved by a special resolution.

**Article 103** The following issues shall be approved by special resolutions at a shareholders' meeting:

(1) Increase or reduction in the registered capital of the Company;

(2) Split-up, spin-off, merger, dissolution and liquidation of the Company;

(3) Amendments to the Articles of Association;

(4) The Company's acquisition or disposal of major assets or the guarantee provided by it to others within one year with the amount exceeding 30% of the latest audited total assets of the Company;

(5) Purchase of its own shares by the Company under the circumstance as mentioned in item (1) and item (2) of the first paragraph under Article 30 of the Articles of Association;

(6) Equity incentive scheme; and

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

**Article 104** Shareholders (including shareholders who appoint proxies to attend shareholders' meetings) 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 shareholders' 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 shareholders' meeting.

Shareholders, who purchase the voting shares of the Company in violation of provisions of the first clause and the second clause of Article 63 of the Securities Law, shall not exercise the voting rights of the shares that exceed the prescribed ratio within 36 months after purchasing them, and such shares shall not be included in the total number of shares with voting rights at a shareholders' meeting.

The Board of Directors, independent directors and shareholders holding 1% or more shares with voting rights or investor protection agencies established pursuant to laws, administrative regulations or the provisions of CSRC 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. Save for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

**Article 105** For connected transactions to be considered at a shareholders' meeting, 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 shareholders' meeting shall fully disclose the voting of the non-connected shareholders. If the connected shareholders need to make on-site explanation according to the laws, administrative regulations, departmental 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 scope 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 shareholders' 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 shareholders' 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 106** The chairman of the meeting shall determine whether or not a resolution of the shareholders' meeting shall be adopted based on the voting result. His decision shall be announced at the meeting and recorded in the meeting minutes.

**Article 107** The Company shall not, without approval by special resolution at the shareholders' meeting, enter into contract with any person other than the directors and 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 108** The list of candidates for the positions of the directors shall be submitted as proposal for voting at the shareholders' meeting.

Directors shall be nominated in the following manners and procedures:

(1) The nomination proposals can be submitted to the shareholders' meeting by the Board of Directors in respect of the candidates for the positions of the directors. Shareholder(s) separately or aggregately holding more than 1% shares of the Company may nominate the candidates for the positions of the directors. The Board of Directors 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 representatives on the Board of Directors 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 1% shares of the Company nominate the candidates for the positions of the directors through the proposal, the aforesaid proposal shall be submitted in writing to the Board of Directors ten days before a shareholders' meeting is convened and the number of the candidates for the positions of the directors 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 (which shall include the relevant information of the candidates for directorship as stipulated in Article 79 of the Articles of Association).

**Article 109** Resolutions in respect of the election of directors may be passed by way of cumulative voting at the shareholders' meeting pursuant to the Articles of Association or resolution of the shareholders' meeting. Cumulative voting shall be adopted for election of more than two non-independent directors and independent directors at the shareholders' meeting of the Company.

Cumulative voting mentioned in the Articles of Association means that when directors are being elected at a shareholders' meeting, each ordinary share is entitled to the number of votes equal to the number of director positions available, and the shareholders' voting rights may be used in a concentrated manner.

The specific procedure of accumulative voting is as follows:

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

(2) each voting share is entitled to a number of votes equal to the number of the candidates for non-independent directors and independent directors to be elected. Shareholders may freely allocate their votes among the candidates for non-independent directors and independent directors, either distributing them among various candidates or concentrating them on one candidate.

(3) the sum of votes cast by shareholders on the candidates of non-independent directors

and independent directors shall not exceed the total voting rights granted for the election of non-independent directors and independent directors, otherwise their votes will become invalid.

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

(5) In the event that the votes of two or more candidates of non-independent directors or independent directors are equivalent and their votes are the lowest among the candidates of the same class, and if electing all of them would result in the number of non-independent directors or independent directors exceeding the number to be elected as the candidates of non-independent directors or independent directors, then such candidates for non-independent director or independent director will be deemed not elected to the office of non-independent director or independent director.

(6) If the number of the elected non-independent directors or independent directors is less than the number expected to be elected at the shareholders' meeting, the Company shall conduct elections for the vacant positions at a subsequent shareholders' meeting in accordance with the provisions of the Articles of Association.

**Article 110** Except for the cumulative voting system, the shareholders' 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 shareholders' meeting shall not shelve or take no votes on any proposal, unless the shareholders' meeting is adjourned or unable to make any resolution due to any special reasons, e.g., force majeure.

**Article 111** When reviewing any proposal, the shareholders' meeting shall make no change to the proposal; and if changes are made, the proposal shall be deemed as a new proposal and shall not be voted on at the current shareholders' meeting.

**Article 112** 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 113** The shareholders' meeting voted on the resolution by ballot.

**Article 114** 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 115** The shareholders' 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 has connected relationship with the matter to be considered, the shareholder and his proxy shall not take part in vote counting and polling scrutiny.

When the shareholders' meeting votes on any proposals, lawyers and representatives of shareholders 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 116** The on-the-spot shareholders' meeting shall not end earlier than the end of the meeting held online or by any other means, and the chairman 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 shareholders' meeting, including the Company, vote counters, scrutineers, shareholders and network service providers, shall be obliged to keep confidential the voting before the voting results are formally announced.

**Article 117** Shareholders who attend the shareholders' meeting shall take one of the following stances when a resolution is put forward for voting: for (i.e. agree), against or abstain, save for the circumstance that the securities registration and settlement institution acting as the

nominal holder of shares under the Stock Connect between the Mainland and Hong Kong Stock Markets 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 118** 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 or 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 shareholders’ meeting, the counting result shall be recorded in the minutes.

**Article 119** Such minutes, shareholders’ attendance registers and proxy forms shall be kept at the Company’s registered address.

**Article 120** 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 121** The resolution of the shareholders’ 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 voting shares held and its percentage to the total number of voting shares of the Company, the voting method, the voting result of each proposal and the details of each of the resolutions passed.

**Article 122** If the proposal is not passed, or if the resolution passed at the preceding shareholders' meeting is amended at the current shareholders' meeting, a special note shall be made in the announcement of the resolutions of the shareholders' meeting.

**Article 123** Where a shareholders' meeting has passed the proposals for electing directors, the newly elected directors shall assume their office immediately thereafter.

**Article 124** 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 shareholders' meeting, the Company shall implement the specific proposal within 2 months from the closing of the shareholders' meeting.

## **Section 8 Specific Proceedings for Voting by Class Shareholders**

**Article 125** Any shareholder who holds different classes 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 the Articles of Association.

For the avoidance of doubt, domestic shareholders and overseas listed foreign shareholders are not considered as different classes of shareholders.

**Article 126** Any resolution at a class meeting to change the rights attached to class shares shall be approved by more than two-thirds of shares with voting rights held by the shareholders present at the meeting.

**Article 127** A notice of a class meeting shall be given with reference to the notice period

for holding an extraordinary shareholders' meeting under Article 77 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 128** Notice of class meetings shall only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner as similar as possible to that of shareholders' meetings. The provisions of the Articles of Association relating to the procedures for the conduct of shareholders' meetings shall be applicable to class meetings.

## **Chapter 5 DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 General Provisions of Directors**

**Article 129** Directors of the Company are natural persons, and need not hold shares of the Company.

In any of the following circumstances, a person shall not serve as director 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; or having been deprived of his political rights due to any crime, with less than 5 years elapsed since the completion of execution of the penalty, or less than 2 years elapsed since the completion of probationary period if on probation;

(3) having been a director, factory director or manager of a company or enterprise which was bankrupt and liquidated, where he was personally liable for the bankruptcy of such company or enterprise, and less than three years have 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 whose business

license was revoked and which was ordered to close due to a violation of law, where he was personally liable for the revocation and closure, and less than three years have elapsed since the date of the revocation and closure;

(5) having a significant amount of debt that is due and unpaid and being designated by the people's court as a dishonest person subject to enforcement;

(6) being under a penalty of prohibited access to the securities market imposed by the CSRC, which is still effective;

(7) being publicly determined by the stock exchange as unsuitable to be a director or senior management of a listed company, with the determination still effective;

(8) being otherwise disqualified by laws, administrative regulations or departmental rules.

The election, appointment or engagement of directors shall be invalid if the election or appointment violates the requirements of the Articles of Association. The Company shall remove a director and cease his/her duties if any of the circumstances stated in this article applies during his term of office.

**Article 130** Directors shall be elected or replaced at shareholders' meetings and may be dismissed by the shareholders' meeting before the expiration of his/her term of office. The term of a director shall be three years and is renewable by re-election after its expiry.

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 senior management personnel of the Company, provided that the total number of directors who concurrently serve as senior management personnel of the Company shall not exceed half of the total number of the Company's directors.

If the number of employees of the Company reaches 300 or more, there shall be representatives of the Company's employees among the members of the Board. Employee representatives on the Board shall be democratically elected by the Company's employees through employee representatives' meetings, employees' meetings or other forms, and do not need to be submitted to the shareholders' meeting for consideration.

**Article 131** The directors shall comply with the laws, administrative regulations and the provisions of the Articles of Association, fulfill their fiduciary duties to the Company, and take measures to avoid any conflict of interest with the Company and not utilize their positions to seek improper benefits.

Directors shall fulfill the following fiduciary obligations:

- (1) not to encroach upon the Company's properties or embezzle the Company's funds;
- (2) not to deposit the Company's funds into accounts under their own names or the name of other individuals;
- (3) not to make use of their powers to accept bribes or other unlawful income;
- (4) not to directly or indirectly enter into contracts or dealings with the Company before reporting to the Board or the shareholders' meeting and passing the resolution at the Board meeting or the shareholders' meeting in accordance with the provisions of the Articles of Association;
- (5) not to make use of their positions to procure business opportunities for themselves or others that shall have otherwise been available to the Company, unless reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or the Company is not able to take advantage of the business opportunity in accordance with the laws, administrative regulations or the provisions of the Articles of Association;
- (6) not to operate for their own benefit or managing on behalf of others businesses similar to those of the Company without reporting to the Board or the shareholders' meeting and passing a resolution at the shareholders' meeting;

(7) not to accept for their own benefits commission derived from others 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 by 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.

The provisions in item (4) of the second paragraph of this article shall apply to contracts or transactions entered into by close relatives of directors or the senior management, enterprises directly or indirectly controlled by directors or the senior management or their close relatives, and associates with whom directors or the senior management have other connected relationships.

**Article 132** The directors shall comply with the laws, administrative regulations and the provisions of the Articles of Association, owe the diligent duties to the Company, and perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.

Directors 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 Audit Committee, and not hindering the Audit Committee from exercising its authorities;

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

**Article 133** 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 shareholders' meeting to dismiss him.

**Article 134** 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 Company, and the resignation shall take effect on the date of receipt of the resignation report by the Company. The Company shall disclose this information within 2 business days.

If the number of directors is less than the minimum number of directors required by law due to the resignation of a director, 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.

**Article 135** The Company has established a director resignation management system, clarifying the safeguards for accountability and compensation regarding unfulfilled public commitments and other outstanding matters. The director shall handover his works to the Board of Directors upon resignation or expiry of his term of office. The obligations of fidelity to the Company and shareholders shall not automatically discharge with the expiry of his terms of office, and shall still be effective within the reasonable duration specified by the Articles of

Association. His responsibilities arising from the execution of duties during his tenure shall not be exempted or terminated due to resignation.

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 obligations stipulated by Article 131 of the Articles of Association within one year after the termination of his tenure.

**Article 136** The shareholders' meeting may remove any director before the expiration of his term of office by way of an ordinary resolution, subject to relevant laws and administrative regulations, with the removal taking effect from the date such resolution is made. Where a director is removed from office prior to expiration of his term of office without reasonable cause, the director may demand compensation from the Company.

**Article 137** 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 138** If a director, in the performance of his duties, causes damage to others, the Company shall be liable for compensation; the director shall also be liable for compensation if there is intentional or gross negligence on his part.

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.

## **Section 2 Board of Directors**

**Article 139** The Company shall have a Board of Directors consisting of eleven directors, among which four are independent directors and one is an employee representative director. The Board of Directors of the Company shall have one chairman and may also have one vice chairman. The chairman and vice chairman (if any) shall be elected by the Board of Directors

with a majority of all directors.

**Article 140** The Board of Directors shall exercise the following powers:

- (1) convening shareholders' meetings and presenting reports thereto;
- (2) implementing the resolutions made at the shareholders' meetings;
- (3) determining the Company's business plans and investment plans;
- (4) working out the Company's profit distribution plans and loss recovery plans;
- (5) 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;
- (6) formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company form;
- (7) deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted financial management, connected transactions and external donation, etc. of the Company within the scope authorized by the shareholders' meeting;
- (8) making decisions on the establishment of the Company's internal management departments;
- (9) deciding on appointing or dismissing the Company's general manager and the secretary to the Board of Directors and other senior executives, and determine their remunerations, rewards and punishments, and deciding on appointing or dismissing the Company's deputy general manager, chief financial officer and other senior executives according to the nomination of general manager and determine their remunerations, rewards and punishments;
- (10) working out the Company's basic management system;
- (11) formulating the proposals for any amendment to the Articles of Association;

(12) managing the information disclosure of the Company;

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

(14) hearing the work report of the general manager of the Company and examining the general manager's work;

(15) considering and approving to purchase its own shares by the Company under any of the circumstances as mentioned in items (3), (5) and (6) of the first paragraph 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;

(16) exercising other powers conferred by laws, administrative regulations, departmental rules, the Articles of Association or the shareholders' meeting.

Issues beyond the scope authorized by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

**Article 141** The Board of Directors shall explain to the shareholders' meeting any non-standard audit opinions issued by the certified public accountants on the Company's financial statements.

**Article 142** The Board of Directors shall formulate the rules of procedure of the Board in order to ensure the Board of Directors to implement resolutions approved at shareholders' meeting, to improve working efficiency, and to ensure scientific decision-making.

**Article 143** The Board of Directors shall determine the right relating to external investment, acquisition and disposal of assets, asset mortgage, external guarantees, entrusted financial management and connected transactions and external donation, 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 shareholders' meeting for approval.

The right of the Board of Directors to approve matters involving use of the Company's assets at a single time, such as asset disposal (including but not limited to purchase, sale, replacement and retirement of assets), external investment, entrusted financial management, entrusted loans, lease of assets, and provision of guarantee for the Company's debts by mortgaging or pledging the Company's assets, securities investment, futures and derivatives transactions, shall be limited to not more than 20% of the latest audited net assets of the Company, 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 submit them to the shareholders' meeting for approval.

Where the Company intends to engage in securities investment, it could make a reasonable forecast about the scope, quota and duration of securities transactions within the next 12 months to the extent that it is difficult to perform the consideration procedure and disclosure obligation for each securities transaction due to the dealing frequency and timeliness of the transaction, etc, provided that transactions within the quota up to 20% of the latest audited net assets of the Company shall be subject to consideration and approval by the Board of Directors, and those beyond the scope of the authority of the Board of Directors shall also be submitted to the shareholders' meeting for consideration. The validity period of the relevant quota shall not exceed 12 months and the transaction amount at any time within the period (including the relevant amount resulted from reinvestment of the aforesaid investment income) shall not exceed the above quota for securities transaction approved by the Board of Directors or at the shareholders' meeting.

Where the Company intends to engage in futures and derivatives transactions, it shall submit the same to the Board of Directors for consideration and timely perform information disclosure obligations. Futures and derivatives transactions under one of the following circumstances shall be submitted to the shareholders' meeting for consideration upon approval by the Board of Directors: (1) the upper limit of the transaction margin and royalties expected to be used (including the value of the collateral provided for the transaction, the expected credit limit of the financial institution, the margin reserved for emergency measures, etc., the same below) accounts for more than 50% of the latest audited net profits of the Company, and the absolute amount exceeds RMB5 million; (2) the highest contract value held on any trading day is projected to account for more than 50% of the latest audited net assets of the Company, and the absolute amount shall exceed RMB50 million; (3) the Company engages in futures and

derivatives transactions that are not conducted for hedging purposes. The Company could make a reasonable forecast about the scope, quota and duration of futures and derivatives transactions within the next 12 months to the extent that it is difficult to perform the consideration procedure and disclosure obligation for each futures and derivatives transaction due to the dealing frequency and timeliness of the transaction, etc, provided that transactions within the quota up to 20% of the latest audited net assets of the Company shall be subject to consideration and approval by the Board of Directors of the Company, and those beyond the scope of the authority of the Board of Directors shall also be submitted to the shareholders' meeting for consideration. The validity period of the relevant quota shall not exceed 12 months and the transaction amount at any time within the period (including the relevant amount resulted from the transaction using the proceeds of the aforesaid transaction) shall not exceed the above quota for futures and derivative investment approved by the Board of Directors or at the shareholders' meeting.

The acquisition and disposal of assets or the provision of external guarantees by 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 shareholders' meeting and approval by more than two-thirds of the voting rights held by shareholders attending the meeting.

A single external 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 external 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 shareholders' 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 (or other organization) 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 or the chairman of the Board of Directors of the Company.

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 after the consent of a majority of all the independent directors. Any connected transaction between the Company and the connected legal person (or other organization) 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 after the consent of a majority of all the independent directors.

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 (or other organization) (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 disclose the audit report or appraisal report in accordance with the rules of relevant business of the stock exchanges on which the shares of the Company are listed, and submit the transaction to the shareholders' 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 guarantees by the Company for connected persons shall, regardless of the amount, be considered and passed at the Board meeting before being submitted to the shareholders' meeting for consideration.

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 shareholders' meeting.

If the connected transactions involved matters such as provision of financial support, provision of guarantee and entrusted financial 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 at the shareholders' meeting have been executed in accordance with the aforesaid provision, the transaction shall not be

included in calculating the relevant scope of aggregation.

The following transactions between the Company and connected persons may be exempt from review and disclosure as required for the connected transactions: (1) transactions in which the Company unilaterally obtains benefits without payment of consideration and without any obligations attached, including receiving donated cash assets, obtaining debt relief, and accepting guarantees and financial assistance without compensation; (2) transactions where the connected person provides capital to the Company at an interest rate not higher than the market quoted lending rates, and the Company is not required to provide a guarantee; (3) transactions where a party subscribes in cash for shares, convertible corporate bonds, or other derivatives available for issue, and corporate bonds (including enterprise bonds) available for public issue by the other party to unspecified parties; (4) transactions where a party acts as a member of an underwriting syndicate to underwrite shares, convertible corporate bonds, or other derivatives available for issue, and corporate bonds (including enterprise bonds) available for public issue by the other party to unspecified parties; (5) transactions where a party receives dividends, bonuses or remuneration as resolved by other party at its shareholders' meeting; (6) transactions where a party participates in the public bidding, auction, or other similar activities of the other party, except where such bidding, auction, or other activities cannot reasonably establish a fair price; (7) transactions where the Company provides products and services to connected natural persons as stipulated in items (ii) to (iv) of the third paragraph of Article 6.3.3 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange under the same terms and conditions as non-connected persons; (8) transactions where the pricing of connected transactions is regulated by the State; (9) other transactions recognized by the stock exchange of the place where the Company's shares are listed.

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 64 of the Articles of Association shall be approved by the shareholders' meeting. Any provisions of external guarantees not falling within Article 64 of the Articles of Association shall be approved by the Board of Directors of the Company. 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 approval of more than half of all directors.

For requirements above otherwise provided by laws, regulations, rules, 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 144** The chairman of the Board of Directors shall perform the following duties and powers:

(1) to preside over shareholders' 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 and securities investment 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 external 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/or shareholders' 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, rules, 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 145** The vice chairman (if any) of the Company 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 any); if the vice chairman (if any) is unable or fails to perform his duties, or if the Company does not have the vice chairman, a director shall be elected jointly by a majority of all directors to perform such duties.

**Article 146** 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 14 days in advance.

If the chairman is unable to convene or preside over the meeting, the vice chairman (if any) shall convene and preside over the meeting. Where the vice chairman (if any) cannot or does not fulfil the duty thereof, or where the Company does not have the vice chairman, a majority of the directors shall jointly elect a director to convene and preside over the meeting.

**Article 147** 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 directors, by the Audit Committee, or by a majority 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 148** 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.

The above time limit of at least 2 days' notice may be waived with the unanimous consent of all directors. In addition, 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 in this regard.

**Article 149** 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.

**Article 150** 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.

**Article 151** If any director has the connected relationship with the enterprise or individual involved in the resolution made at a Board meeting, the said director shall report to

the Board of Directors in writing in a timely manner. The connected 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 shareholders' 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 152** In principle, Board meetings shall be held physically. Where full communication and expression of opinions by all attending directors can be ensured, the meetings may, when necessary, be conducted by means of communication (including but not limited to facsimile, video, telephone, etc.), or through a combination of on-site meeting and communication methods.

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 participating directors can fully communicate and express their opinions.

**Article 153** 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 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 154** 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 155** 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 abstentions).

**Article 156** 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 shareholders' 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 The Independent directors**

**Article 157** The Independent directors shall conscientiously perform their duties in accordance with the requirements of laws, administrative regulations, the CSRC, the stock exchanges on which the shares of the Company are listed and the Articles of Association, and serve the roles of participation in decision-making, supervising and balancing, and providing professional consultation in the Board of Directors, so as to safeguard the interests of the Company as a whole and to protect the legal rights and interests of minority shareholders.

**Article 158** An independent director shall maintain his independence. None of the following persons may serve as an independent director:

(1) persons working in the Company or its affiliates and their spouses, parents, children and main social relations;

(2) persons who directly or indirectly hold 1% or above of the issued share capital of the Company or who are natural person shareholders amongst the top ten shareholders of the Company or their spouses, parents, children;

(3) persons working in a shareholder which holds 5% or above of the issued share capital of the Company or in the top five shareholders of the Company or their spouses, parents and children;

(4) persons working in the affiliates of the Company's controlling shareholders or de facto controllers and their spouses, parents and children;

(5) persons having material business dealings with the Company and its controlling shareholders, de facto controllers or their respective affiliates, or persons working in entities that have material business dealings with the Company, and their controlling shareholders or de facto controllers;

(6) persons providing financial, legal, consulting, sponsorship and other services for the Company, its controlling shareholders, de facto controllers, or their respective affiliates, including but not limited to all members of project teams, reviewing officers at all levels, signatory(ies) of reports, partners, directors, senior management and key persons in charge of the intermediary(ies) providing the services;

(7) persons who have fallen under the conditions mentioned in items (1) to (6) in the latest twelve months;

(8) other persons deemed not independent under laws, administrative regulations, the requirements of the CSRC, the rules of business of the stock exchanges on which the shares of the Company are listed and the Articles of Association of the Company.

Affiliates of the Company's controlling shareholders and de facto controllers as set out in items (4) to (6) of the preceding paragraphs exclude enterprises that are controlled by the same state-owned asset management institution as the Company (if applicable) and do not constitute a connected relationship with the Company under the relevant provisions.

Independent directors shall conduct an annual self-examination of their independence and submit such examination results to the Board of Directors. The Board of Directors shall evaluate the independence of the current independent directors annually and issue a special opinion, and disclose the same with the annual report.

**Article 159** An independent director of the Company shall meet the following conditions:

(1) have the qualifications to serve as a director of a listed company according to laws, administrative regulations and other relevant requirements;

(2) meet the independence requirements stipulated under the Articles of Association;

(3) have basic knowledge of the operation of a listed company and be familiar with the relevant laws, regulations, and rules;

(4) have more than five years' work experience in the fields of law, accounting or economics, etc. required to perform the duties of an independent director;

(5) possess good personal integrity, with no records of major breaches of trust or other negative records;

(6) fulfill other conditions required by laws, administrative regulations, the requirements of the CSRC, the rules of business of the stock exchanges on which the shares of the Company are listed and the Articles of Association.

**Article 160** As members of the Board of Directors, independent directors shall owe fiduciary duties and duties of diligence to the Company and its shareholders as a whole, and shall prudently fulfill the following duties:

(1) participate in the decision-making of the Board of Directors and express clear

opinions on matters discussed;

(2) supervise potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, and senior management to protect the legitimate rights and interests of minority shareholders;

(3) provide professional and objective advice on the operations and development of the Company and promote the enhancement of the decision-making level of the Board of Directors;

(4) fulfill other duties as stipulated by laws, administrative regulations, CSRC regulations, and the Articles of Association.

**Article 161** An independent director shall exercise the following special powers:

(1) independently engage intermediaries to audit, consult, or verify specific matters of the Company;

(2) propose the convening of extraordinary shareholders' meetings to the Board of Directors;

(3) propose the convening of Board meetings;

(4) publicly solicit shareholders' rights from shareholders in accordance with the law;

(5) express independent opinions on matters that may jeopardize the rights and interests of the Company or minority shareholders;

(6) exercise other powers as stipulated by laws, administrative regulations, CSRC regulations, and the Articles of Association.

When an independent director exercises any of the powers listed in items (1) to (3) of the preceding paragraph, such exercise shall be approved by a majority of all independent directors.

The Company shall disclose in a timely manner if an independent director exercises the powers listed in the first paragraph. If the aforementioned powers cannot be exercised properly, the Company shall disclose the specific circumstances and reasons thereof.

**Article 162** The following matters shall be submitted to the Board of Directors for consideration after being approved by a majority of all independent directors of the Company:

- (1) connected transactions that require disclosure;
- (2) plans on changes to or waivers of commitments by the Company and related parties;
- (3) decisions made and measures taken by the board of directors of an acquired listed company in relation to the acquisition;
- (4) other matters as prescribed by laws, administrative regulations, the CSRC regulations and the Articles of Association.

**Article 163** The Company shall establish a mechanism for special meeting attended solely by independent directors. Matters such as connected transactions to be considered by the Board of Directors shall be approved in advance by a special meeting of the independent directors.

The Company shall hold special meetings of independent directors on a regular or irregular basis. The matters set out in items (1) to (3) of the first paragraph of Article 161 and Article 162 of the Articles of Association shall be considered by the special meetings of independent directors.

The special meetings of independent directors may study and discuss other matters of the Company as needed.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; if the convenor fails or is unable to perform his duties, two or more independent directors may convene the meeting on their own and elect a representative to preside over it.

Minutes of the special meeting of independent directors shall be made in accordance with regulations, and the opinions of independent directors shall be stated in the minutes. Independent directors shall sign to confirm the minutes.

The Company shall provide convenience and support for the convening of the special meetings of independent directors.

#### **Section 4 Secretary of the Board**

**Article 164** The Company shall have a secretary to Board of Directors, who shall be appointed or dismissed by the Board of Directors. The secretary to the Board of Directors is a senior executive of the Company. The secretary to the Board of Directors shall be responsible for preparing shareholders' meetings and Board meetings of the Company, managing document retention and shareholders' information of the Company, and handling matters relating to information disclosure, among other duties.

The secretary to the Board of Directors shall comply with the relevant provisions of the laws, administrative regulations, departmental rules and the Articles of Association, undertake relevant legal liabilities of a senior executive of the Company, fulfill the obligation of loyalty and diligence to the Company, and shall not use his official power to seek improper gains for himself or others.

**Article 165** The secretary to 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 secretary to the Board of Directors is accountable to the Company and the Board of Directors. The major duties of the secretary to the Board of Directors shall be:

(1) to be responsible for the Company's information disclosure affairs, coordinate the Company's information disclosure activities, organize and formulate the Company's information disclosure management system, and urge the Company and the relevant information disclosure obligors to comply with the relevant information disclosure regulations;

(2) to be responsible for investor relations management, coordinate the information

communication between the Company and securities regulatory authorities, investors, de facto controllers, intermediary agencies, and media, etc.;

(3) to prepare and organize meetings of the Board of Directors and shareholders' meetings, attend the shareholders' meetings, meetings of the Board of Directors, and relevant meetings of the senior management, and be responsible for making records for the meetings of the Board of Directors and shareholders' meetings and signing such records, and keeping documents, minutes and other related materials of such meetings;

(4) to be responsible for the confidentiality of the Company's information disclosure and, in the event of a leakage of material undisclosed information, to immediately report the leakage to the stock exchanges on which the shares of the Company are listed and disclose the information in accordance with the relevant regulations;

(5) to pay attention to media coverage and take the initiative to verify the truth, and urge the Company and the relevant parties to reply to the inquiries from the securities regulatory authorities and stock exchanges on which the shares of the Company are listed, in a timely manner;

(6) to arrange trainings on the relevant laws and regulations and the relevant rules of the stock exchanges on which the shares of the Company are listed for the Company's directors and senior management, and to assist such persons in understanding their respective responsibilities in information disclosure;

(7) to urge the directors and senior management to abide by the laws and regulations, the relevant rules of the stock exchanges on which the shares of the Company are listed and the Articles of Association, and to earnestly fulfil their undertakings; when he is aware that the Company, directors and senior management have made or may make resolutions that violate the relevant provisions, he shall remind them and report the same to the stock exchanges on which the shares of the Company are listed immediately and truthfully;

(8) to be responsible for managing affairs related to the changes in the Company's shares and the derivatives thereof;

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

**Article 166** 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 167** The Company shall facilitate the secretary to the Board of Directors to perform his duties. The directors, senior management and relevant staff shall support and cooperate with the secretary to the Board of Directors.

**Article 168** In order to perform his duties, the secretary to the Board is entitled to access the financial and operating conditions of the Company, attend relevant meetings involving information disclosure, inspect relevant documents and request relevant departments and staff of the Company to provide relevant information and data on a timely basis.

## **Section 5 The Special Committees of the Board**

**Article 169** The Board of Directors of the Company establishes certain special committees such as the Strategy and Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals from special committees shall be submitted to the Board of Directors for consideration and decision (except as otherwise provided by relevant laws, administrative regulations, departmental rules, securities regulatory authorities, and the stock exchange where the Company's shares are listed). The terms of reference for the special committees shall be formulated by the Board of Directors. The Audit Committee shall exercise the duties and powers of the Board of Supervisors stipulated in the Company Law.

Special committees shall only comprise of directors. In particular, independent directors shall be more than half of the Nomination Committee and the Remuneration and Assessment Committee and serve as the convener (head/chairman). The Audit Committee shall comprise of three directors who do not hold senior management positions in the Company, and independent directors shall be more than half thereof, among which at least one independent director shall be an accounting professional, and the convener (head/chairman) shall be an accounting professional among the independent directors. Employee representatives on the Board of Directors may become members of the Audit Committee.

**Article 170** The Strategy and Development Committee is a special committee set up under the Board of Directors, mainly responsible for conducting feasibility research and making recommendations on the Company's long-term development and strategy as well as major investment decisions, and shall report to and be accountable to the Board of Directors.

**Article 171** The Audit Committee is a special committee set up under the Board of Directors. The major duties of the Audit Committee include supervising and evaluating the external audit work; making recommendations on the appointment or replacement of external audit institutions; supervising and evaluating the internal audit work; being responsible for coordinating internal and external audits; examining the financial information of the Company and its disclosures; supervising and evaluating the internal control of the Company; exercising the duties and powers of the Board of Supervisors stipulated in the Company Law; and other duties authorized by the Board of Directors of the Company or other issues related to relevant laws and regulations as well as the Articles of Association.

The following matters shall be submitted to the Board of Directors for consideration only after being approved by more than half of all members of the Audit Committee:

(1) disclosure of financial information in financial reports and periodic reports, and internal control evaluation reports;

(2) appointment or dismissal of the accounting firm responsible for auditing the Company;

(3) appointment or dismissal of the chief financial officer of the Company;

(4) changes in accounting policies or accounting estimates, or corrections of material accounting errors, except those arising from changes in accounting standards;

(5) other matters as stipulated by laws, administrative regulations, the CRSC regulations and the Articles of Association.

**Article 172** The Audit Committee shall convene at least one meeting every quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener considers it necessary. The quorum of a meeting of the Audit Committee shall be not less than two-thirds of the members.

Resolutions of the Audit Committee shall be passed by a majority of its members.

Voting on resolutions of the Audit Committee shall be conducted on a one-person-one-vote basis.

Minutes shall be prepared for resolutions of the Audit Committee in accordance with the relevant requirements, and members of the Audit Committee attending the meeting shall sign the minutes.

The terms of reference of the Audit Committee shall be formulated by the Board of Directors.

**Article 173** The Nomination Committee is a special committee set up under the Board of Directors which shall report to and be accountable to the Board of Directors. The major duties of the Nomination Committee include examining, drafting and making recommendations on 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; selecting qualified directors and senior management candidates in a wide range; reviewing and making recommendations on the selection of candidates for directors, senior management, and their qualifications for appointment; evaluating the work of directors, senior management and providing opinions or advice on replacement of directors or senior management based on evaluation results. The Nomination Committee shall make recommendations to the Board of Directors on the

following matters:

(1) nomination or appointment and removal of directors;

(2) appointment or dismissal of senior management;

(3) other matters as prescribed by laws, administrative regulations, the CSRC regulations and the Articles of Association.

Where the Board of Directors does not adopt or fully adopt the recommendations of the Nomination Committee, it shall record the Nomination Committee's opinions and the specific reasons for not adopting them in the Board of Directors resolutions and disclose the same.

**Article 174** The Remuneration and Assessment Committee is a special committee set up under the Board of Directors which mainly takes charge of formulating remuneration system, management and appraisal of directors, senior management of the Company and shall report to and be accountable to the Board of Directors. The major duties of the Remuneration and Assessment Committee include formulating evaluation standards (including but not limited to job responsibility and performance appraisal system, performance target and award and penalty regimes) of the directors, senior management of the Company, and conducting assessment thereof; formulating and reviewing the remuneration determination mechanisms, decision-making procedures, payment and cessation of payment recovery arrangements, and other remuneration policies and plans for directors and 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; reviewing the performance of the directors and senior management of the Company and conducting 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. The Remuneration and Assessment Committee shall make recommendations to the Board of Directors on the following matters:

(1) the remuneration of directors and senior management;

(2) formulation or change of the share incentive plan and employee share ownership plan, granting of rights and benefits to the targets of the incentives and fulfillment of the conditions for exercising the rights and benefits;

(3) arrangement of share ownership plans for directors and senior management in the subsidiaries proposed to be spun off;

(4) other matters as prescribed by laws, administrative regulations, the CSRC regulations and the Articles of Association.

Where the Board of Directors does not adopt or fully adopt the recommendations of the Remuneration and Assessment Committee, it shall record the Remuneration and Assessment Committee's opinions and the specific reasons for not adopting them in the Board of Directors resolutions and disclose the same.

**Article 175** Where the Board of Directors does not adopt or fully adopt the recommendations of the Remuneration and Assessment Committee, it shall record the Remuneration and Assessment Committee's opinions and the specific reasons for not adopting them in the Board of Directors resolutions and disclose the same.

## **Chapter 6 Senior Management Members**

**Article 176** The Company shall have one general manager, who shall be determined to appoint or dismiss by the Board of Directors.

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

**Article 177** The provisions of the Articles of Association relating to the circumstances under which a person may not be a director, and the provisions of the system for managing the termination of employment, shall also apply to senior management.

The provisions of the Articles of Association relating to the obligations of loyalty and diligence of the directors shall also apply to senior management.

**Article 178** Members of staff of the controlling shareholders of the Company who serve administrative positions other than directors and supervisors shall not serve as senior executives of the Company.

A senior executive of the Company shall only receive remunerations from the Company, instead of being paid by the controlling shareholders.

**Article 179** The general manager shall serve a term of three years and may serve consecutive terms upon reappointment.

**Article 180** 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 of Association or by the Board of Directors.

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

**Article 181** The general manager shall formulate the work rules, subject to the approval by the Board of Directors before implementation.

**Article 182** 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 of the Company, authorities to enter into major contracts, and the systems for reporting to the Board of Directors;
- (4) other matters deemed as necessary by the Board of Directors.

**Article 183** 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 184** The deputy general manager shall assist the general manager in conducting the production and operation management. The appointment or dismissal of the deputy general manager shall be nominated by the general manager and determined by the Board of Directors.

**Article 185** Where the senior management members cause damage to others when performing their duties in the Company, the Company shall be liable for compensation; where the senior management members act with willful or material default, they shall be liable for compensation.

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.

**Article 186** Members of the senior management of the Company shall fulfill their duties honestly, protect the best interests of the Company and all the shareholders.

Members of the senior management of the Company shall be liable for compensation in accordance with law for any damage caused to the interests of the Company and public shareholders as a result of their failure to perform duties with honesty or violation of their fiduciary duties.

## **Chapter 7 Financial Accounting System, Profit Distribution and Audit**

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

**Article 187** 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 188** The Company shall submit and disclose its annual report to CSRC Fujian Office and the stock exchange within four months from the end of each fiscal year, and submit and disclose its interim report to CSRC Fujian Office and the stock exchange within two months from the end of the first half of each fiscal year.

The aforesaid annual and interim reports shall be prepared in accordance with relevant laws, administrative regulations and the provisions of CSRC and the stock exchange.

**Article 189** The financial reports of the Company shall be kept in the Company and accessible to the shareholders.

**Article 190** 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 191** 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 192** The Company shall not establish account books other than the statutory account books. The funds of the Company shall not be deposited in any personal account under any individual's name.

**Article 193** 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 shareholders' meeting, after the Company has set aside funds from after-tax profits for the statutory reserve fund, the Company may set aside funds from after-tax profits 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 shareholders' meeting violates the Company Law in distributing profits to shareholders, the profits distributed in violation of the provisions shall be returned to the

Company; if losses are caused to the Company, the shareholders and the directors and senior management who are responsible for the losses shall be liable for compensation.

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

**Article 194** The Company's reserve fund shall be used to make up the Company's losses, expand the production and operation of the Company or increase the registered capital of the Company by means of conversion.

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

**Article 195** Should a resolution be reached on a profit distribution plan at the shareholders' meeting, or should a specific plan be formulated by the Board of Directors of the Company based on the conditions and upper limit of the next year's interim dividend distribution approved at the annual shareholders' meeting, the distribution of dividend (or shares) shall be completed within two months.

**Article 196** 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.

(3) At the annual shareholders' meeting of the Company to consider the annual profit distribution plan, the Company may consider and approve the conditions, upper limit on the percentage and maximum amount of interim cash dividend distribution for the next year. The maximum amount of the interim dividend distribution for the next year considered at the annual shareholders' meeting shall not exceed the net profit attributable to the shareholders of the Company for the corresponding period. The Board of Directors shall formulate a specific interim dividend distribution plan in accordance with the resolution of the shareholders' meeting, subject to the conditions for profit distribution.

#### 4. Conditions for profit distribution

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

The Company shall meet the following conditions when implementing cash dividends:

(i) the Company's distributable net profits (i.e., net profit after making up losses and appropriating to statutory reserve fund and discretionary common reserve fund) for the relevant year or half-year are positive, and the Company has sufficient cash flow, ensuring that cash dividends will not affect its ability to continue operations and long-term development;

(ii) the Company's cumulative undistributed profits are positive;

(iii) there is no audit report issued by an accounting firm with a non-unqualified opinion or unqualified audit report with paragraphs related to major uncertainties regarding the Company's ability to continue as a going concern in the Company's financial accounting report for the latest year;

(iv) The Company has no major investment plans or significant capital expenditures (except for projects funded by raised capital).

If the Company meets the aforementioned cash dividend distribution conditions, the Company shall distribute dividends in cash. The profits distributed by the Company in cash (including interim dividends, if any) 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. If the Company repurchases shares by way of offer or centralized bidding with cash consideration, the amount of share repurchases implemented during the year shall be regarded as cash dividends and shall be included in the calculation of the relevant proportion of cash dividends for that year.

##### (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

Company shall, taking into consideration such factors as industry characteristics, the Company's development stage, business operation model, profitability level, debt repayment ability, whether it has significant capital expenditure arrangements, and investor return 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 aforesaid provisions of item (3) may still be followed.

The proportion of cash dividends in this profit distribution shall be cash dividends divided

by the sum of cash dividends and stock dividends.

(4) Circumstances under which the Company may not distribute profitsThe Company may not distribute profits if any of the following circumstances apply:

(i) there is an audit report issued by an accounting firm with a non-unqualified opinion or unqualified audit report with paragraphs related to major uncertainties regarding the Company's ability to continue as a going concern in the Company's financial accounting report for the latest year.

(ii) the asset-liability ratio (based on consolidated financial statements) at the end of the latest year exceeds 70%;

(iii) net cash flow from operating activities (based on consolidated financial statements) for the latest year is negative.

5. The consideration and deliberation procedures and decision-making mechanism for the profit distribution plan of the Board of Directors and the shareholders' meeting

(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 on investment 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. The independent directors are entitled to express their independent opinions if they consider that the specific plan on cash dividend distribution plan may jeopardize the interests of the Company or the minority shareholders. If the Board of Directors does not adopt or fully adopt the opinion of the independent directors, it shall record the opinion of the independent directors and the specific reasons for non-adoption in a resolution of the Board of Directors and disclose them.

(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, after considering and approving the profit distribution plan, disclose the plan and submit it to the shareholders' meeting for consideration. In the event that the conditions, upper limit on the percentage and maximum amount of the interim cash dividend distribution for the next year have been considered and approved at the annual shareholders' meeting of the Company, the specific plan on interim dividend distribution formulated by the Board of Directors in accordance with such resolution of the shareholders' meeting, subject to the conditions of profit distribution, is not required to be submitted to the shareholders' meeting for consideration.

(4) If the Company generated profits in the previous fiscal year and the undistributed profits listed in the consolidated balance sheet and the balance sheet of the parent company are positive, but the Board of Directors did not make any cash dividends distribution plan after the end of the previous fiscal year, the Company shall disclose the reasons for not proposing a cash dividend distribution plan, and the use of the funds retained by the Company that are not available for distribution in the relevant announcement.

(5) Prior to the consideration of specific plan on cash dividend distribution by the shareholders' meeting of the Company, the Company shall actively communicate and exchange opinions with shareholders especially minority shareholders by various channels (including but not limited to phone, fax, correspondence, email, 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 minority shareholders and responsively answering questions that minority shareholders concern. The Audit Committee shall pay attention to the Board of Directors' implementation of cash dividend policies and shareholder return plans, as well as whether the corresponding decision-making procedures and information disclosure requirements have been fulfilled. Where the Audit Committee finds that the Board of Directors has failed to strictly enforce the cash dividend policies and shareholder return plans, has failed to strictly follow the corresponding decision-making procedures, or has failed to disclose the relevant information in a true, accurate, and complete manner, it shall urge the Board of Directors to rectify the situation in a timely manner.

(6) When the Company convenes a shareholders' meeting, shareholder(s) individually or collectively holding 1% or more of the total shares of the Company have the right to submit provisional proposals on profit distribution plan to the shareholders' meeting in accordance with the Company Law, the Rules for the Shareholders' 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 shareholders' meeting for consideration before it is considered and approved by the Board of Directors. When considering the profit distribution plan, the Board of Directors shall obtain approval from the majority of all directors.

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

(3) At the annual shareholders' meeting of the Company to consider the annual profit distribution plan, the Company may consider and approve the conditions, upper limit on the percentage and maximum amount of interim cash dividend distribution for the next year. The maximum amount of the interim dividend distribution for the next year considered at the annual shareholders' meeting shall not exceed the net profit attributable to the shareholders of the Company for the corresponding period. The Board of Directors shall formulate a specific interim dividend distribution plan in accordance with the resolution of the shareholders' meeting, subject to the conditions for profit distribution.

#### 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 relevant laws and regulations of the PRC, 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 and stock exchange where the Company's shares are listed. The said "material changes in external operating environment or its own operating conditions" refer to any of the following circumstances:

(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 and stock exchanges where the Company's shares are listed.

(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 minority shareholders. When considering the profit distribution policy adjustment, the Board of Directors shall obtain approval from the majority of all directors.

(3) Adjustment or changes to profit distribution policy specified by Articles of Association shall be subject to consideration and approval by the Board of Directors before it is submitted to the shareholders' meeting for consideration. The Company shall discuss the relevant matters in detail and explain reasons thereof in proposal of the shareholders' meeting

with the protection of shareholders' interests as the starting point. Matters concerning adjustment and changes to profit distribution policy under consideration of the shareholders' 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:

(1) compliance with the Articles of Association or resolutions of the shareholders' meeting;

(2) Accuracy and clarity of dividend distribution plan;

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

(4) The Company shall disclose the specific reason(s) for not distributing cash dividends and the measures to be adopted as the next step to enhance investor returns;

(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 197** 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.

**Article 198** Subject to compliance 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.

## **Section 2 Internal Audit**

**Article 199** The Company shall implement an internal audit system, which clarifies the leadership structure, responsibilities and authority, staffing, funding guarantee, application of audit results and accountability of internal audit work.

The Company's internal audit system shall be implemented after being approved by the Board of Directors and disclosed to the public.

**Article 200** The Company's internal audit institution shall supervise and inspect the Company's business activities, risk management, internal controls, financial information, and other related matters. The internal audit institution shall maintain its independence, appoint full-time auditors, and shall not be placed under the leadership of the finance department or share office space with the finance department.

The internal audit institution shall maintain its independence, appoint full-time auditors, and shall not be placed under the leadership of the finance department or share office space with the finance department.

**Article 201** The internal audit institution shall be accountable to the Board of Directors.

During the supervision and inspection of the Company's business activities, risk management, internal controls, and financial information, the internal audit institution shall accept the supervision and guidance of the Audit Committee. If the internal audit institution

discovers relevant major issues or clues, it shall immediately report directly to the Audit Committee.

**Article 202** The internal audit institution shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report and relevant materials issued by the internal audit institution and reviewed by the Audit Committee.

**Article 203** When the Audit Committee communicates with external audit entities such as accounting firms and national audit institutions, the internal audit institution shall actively cooperate and provide necessary support and collaboration.

**Article 204** The Audit Committee shall participate in the evaluation of the person in charge of internal audit.

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

**Article 205** The Company shall engage an accounting firm that complies with the Securities Law 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, and may be reengaged.

**Article 206** The appointment and dismissal of accounting firm by the Company shall first be approved by the Audit Committee and then submitted to the Board of Directors for consideration, and shall be decided by the shareholders' meetings. The Board of Directors may not appoint an accounting firm before the shareholders' meeting has made its decision.

**Article 207** 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 208** The Company shall disclose information on the length of service of the accounting firm, audit project partner and signing certified public accountant, audit fee, and other information in its annual report. For requirements otherwise provided by laws, regulations, regulatory documents and the securities regulatory authorities of the location where the Company's shares are listed and the stock exchanges, those requirements shall

prevail.

**Article 209** The Company shall disclose the evaluation report on the performance of the accounting firm and the report of the Audit Committee on the performance of supervisory duties by the accounting firm every year in accordance with the requirements, and where a change of the accounting firm is involved, it shall also disclose the circumstances of the former accounting firm and the audit opinion of the previous year, the reasons for the change of the accounting firm, and the communication with the former and subsequent accounting firms. For requirements otherwise provided by laws, regulations, regulatory documents and the securities regulatory authorities of the location where the Company's shares are listed and the stock exchanges, those requirements shall prevail.

**Article 210** The audit fee of the accounting firm shall be decided by the shareholders' meeting.

**Article 211** Where the Company dismisses or does not continue appointing the accounting firm, 15 days' prior notice shall be given to the accounting firm. When voting is made on the dismissal of the accounting firm at the shareholders' meeting of the Company, the accounting firm is allowed to state its opinions.

Where the accounting firm tenders its resignation, it shall state to the shareholders' meeting whether the Company has any improper circumstances.

## Chapter 8 Notices and Announcements

### Section 1 Notices

**Article 212** Notices of the Company may be issued by the following methods, subject to laws, administrative regulations and relevant requirements of the stock exchanges where the shares of the Company are listed:

1. by hand;
2. by post;
3. by announcement in the information disclosure media (including newspapers or websites) designated by the Company;
4. by facsimile or email;
5. by announcement on the websites of the stock exchanges where the shares of the Company are listed and/or the Company;
6. 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.

Regarding the despatch or provision of corporate communications to holders of H Shares (within the meaning ascribed to it under the Hong Kong Listing Rules, the same hereinafter), the Company may choose to release such corporate communications by means provided under item 5 mentioned above or other means as may be prescribed by the listing rules of the place where the shares of the Company are listed and the securities regulatory authority in place of delivering corporate communications by hand or by post to each holder of H Shares, subject to the listing rules of the place where the shares of the Company are listed and relevant requirements of the securities regulatory authority.

**Article 213** Any notice of a shareholders' meeting convened by the Company and dispatched to holders of domestic shares shall be published on one or more newspapers that comply with the conditions prescribed by the CSRC or on the website of the Shanghai Stock

Exchange.

**Article 214** If the Company sends or provides corporate communications to the shareholders by hand or by post, the Company is only required to deliver or send notices, information or other documents to one of the joint shareholders (in the case of joint shareholders).

The Company is only required to deliver or send notices, information or other documents to one of the joint shareholders.

**Article 215** 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 216** Notices of the shareholders' meetings of the Company shall be made by announcement.

**Article 217** Notice of the Board meetings of the Company shall be made by hand, post, express, facsimile, email, telephone or other oral forms.

**Article 218** Notices of meetings of the Audit Committee of the Company shall be made by hand, post, express, facsimile, email, telephone or other oral forms.

**Article 219** 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.

**Article 220** 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 221** The Company has designated Shanghai Securities News or other newspapers that comply with the requirements of the CSRC and the website of Shanghai Stock Exchange (website: <http://www.sse.com.cn>) to be the media for the publication of the Company's announcements and other information required for disclosure.

**Article 222** 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 9 Merger, Division, Increase and Reduction of Share Capital, Dissolution and Liquidation**

### **Section 1 Merger, Division, and Increase and Reduction of Share Capital**

**Article 223** 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 224** Where the consideration for the merger payable by the Company does not exceed 10% of the net assets of the Company, the merger does not require a resolution from the shareholders' meeting, unless otherwise provided for in the Articles of Association.

Any merger of the Company not requiring a resolution from the shareholders' meeting under the preceding paragraph shall be subject to a resolution by the Board of Directors.

**Article 225** As far as the merger of the Company is 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 on Shanghai Securities News or other newspapers that comply with the requirements of the CSRC or through the National Enterprise Credit Information Publicity System within 30 days, from the date when the resolution on the merger is made.

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 announcement), request the Company to make repayments or provide corresponding guarantees in respect of its indebtedness.

**Article 226** 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 227** As far as the division of the Company is 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 on Shanghai Securities News or other newspapers that comply with the requirements of the CSRC or through the National Enterprise Credit Information Publicity System within 30 days, from the date when the resolution on the division is made.

**Article 228** 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 229** The Company will 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 reduction of registered capital on Shanghai Securities News or other newspapers that comply with the requirements of the CSRC or through the National Enterprise Credit Information Publicity System within 30 days, from the date when the resolution on the reduction of

registered capital is made by the shareholders' meeting. 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 announcement), request the Company to make repayments or provide corresponding guarantees in respect of its indebtedness.

When the Company reduces its registered capital, it shall reduce its shares in proportion to the shares held by its shareholders, unless otherwise provided by law or the Articles of Association. Subject to the approval by the shareholders' meeting of the Company through a special resolution (i.e. approved by more than two-thirds of the voting rights of the shareholders present at the shareholders' meeting), the Company may reduce its registered capital without a corresponding reduction of shares in proportion to the shares held by its shareholders.

**Article 230** Where, after covering losses in accordance with the second paragraph of Article 194 of the Articles of Association, there remains a deficit, the Company may reduce its registered capital to cover the remaining losses. When reducing registered capital to cover losses, the Company shall not make any distribution to shareholders, nor shall it exempt shareholders from their obligation to pay capital contributions or share subscription amounts.

Where the registered capital is reduced in accordance with the preceding paragraph, the provisions of the second paragraph of Article 229 of the Articles of Association shall not apply; however, the Company shall, within 30 days from the date on which the resolution to reduce the registered capital is passed by the shareholders' meeting, make an announcement in Shanghai Securities News or other newspapers that meet the requirements of the CSRC or through the National Enterprise Credit Information Publicity System.

After reducing its registered capital in accordance with the preceding two paragraphs, the Company shall not distribute profits until the aggregate amount of its statutory reserve fund and discretionary common reserve fund reaches 50% of its registered capital.

**Article 231** Where the registered capital is reduced in violation of the Company Law and other relevant provisions, shareholders shall return any funds they have received, and any reduction or exemption of shareholders' capital contributions shall be reinstated. If losses are caused to the Company, the shareholders and the directors and senior management personnel who are responsible shall bear liability for compensation.

**Article 232** When the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive rights, except as otherwise provided in the Articles of Association or if a resolution is passed at the shareholders' meeting granting shareholders such pre-emptive rights.

**Article 233** 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 234** 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 Articles of Association occurs;

(2) The shareholders' 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 the Company may plead the people's court to dissolve the Company.

If the Company encounters any causes of dissolution as specified in the preceding paragraph, it shall publicize the dissolution causes on the National Enterprise Credit Information Publicity System within 10 days.

**Article 235** In the circumstance described in item (1) and item (2) under Article 234 of the Articles of Association, if no asset has been distributed to shareholders, the Company may continue to subsist by amending the Articles of Association or through a resolution of the shareholders' meeting.

Any amendment to the Articles of Association or a resolution of the shareholders' meeting pursuant to the preceding paragraph shall be adopted by shareholders representing 2/3 or more of the voting rights of the shareholders present at the shareholders' meeting.

**Article 236** Where the Company is dissolved according to the provisions of items (1), (2), (4) and (5) under Article 234 of the Articles of Association, it shall undergo liquidation. The directors, who are the liquidation obligors of the Company, shall set up a liquidation group to carry out liquidation within 15 days after the occurrence of the cause of dissolution.

The liquidation group shall be composed of directors, unless otherwise stipulated in the Articles of Association or if a shareholders' meeting resolves to appoint other persons.

Where the liquidation obligors fail to fulfil their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

**Article 237** 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) distribute the remaining properties after all debts have been settled; and;
- (7) represent the Company in civil proceedings.

**Article 238** The liquidation group shall notify the creditors within 10 days, and make an announcement on Shanghai Securities News or other newspapers that comply with the requirements of the CSRC or through the National Enterprise Credit Information Publicity System within 60 days, from the date of its formation. The creditors shall, within 30 days after receiving the notice or within 45 days after the issuance of the announcement in the case of failing to receiving a notice, declare their creditor's rights to 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 239** The liquidation group shall, after liquidating the properties of the Company and preparing balance sheets and checklists of properties, formulate a plan of liquidation and report to the shareholders' 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 shall 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 shareholders before payments are made as specified above.

**Article 240** 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 preparing balance sheets and checklists of properties, it shall file an application to the people's court for bankruptcy liquidation.

After the bankruptcy application is accepted by the people's court, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

**Article 241** After the completion of the liquidation of the Company, the liquidation group shall prepare a liquidation report for the confirmation by shareholders' meeting or the people's court, and file the documents with the company registration authority for the purpose of applying for the deregistration of the Company.

**Article 242** Members of the liquidation group shall perform their liquidation duties and have obligations of fidelity and diligence.

Where any member of the liquidation group is negligent in performing his liquidation duties and cause losses to the Company, he shall be liable for compensation; where any member of the liquidation group causes any loss to any creditor by intention or due to gross negligence, he shall be responsible for the respective compensations.

**Article 243** If the Company is declared insolvent according to law, insolvent liquidation shall be proceeded in accordance with laws regarding enterprise insolvency.

## **Chapter 10 Amendments to the Articles of Association**

**Article 244** The Company may amend the Articles of Association pursuant to laws, administrative regulations and the Articles of Association. The Company will amend the Articles of Association under any of the following circumstances:

(1) After the amendments of the Company Law or the relevant laws and administrative regulations, the matters specified in the Articles of Association are in conflict with the provisions of the amended laws and administrative regulations;

(2) Changes in the Company's circumstances lead to inconsistencies with the matters recorded in the Articles of Association; and

(3) The shareholders' meeting has resolved to amend the Articles of Association.

**Article 245** Any amendment to the Articles of Association approved by the shareholders' meeting shall be submitted to the competent authority for approval where necessary; if the amendment involves registration of the Company, the relevant change shall be registered pursuant to law.

**Article 246** The Board of Directors shall amend the Articles of Association as per the resolution passed at the shareholders' meeting to amend the same and the approval opinions of relevant competent authorities.

**Article 247** 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 11 Supplementary Provisions**

**Article 248** Definitions

(1) The "controlling shareholder" referred to herein shall mean the shareholder whose shareholdings represent more than 50% the total share capital of the limited liability company;

or if not more than 50%, whose entitlement to voting rights attached to its ordinary shares is sufficient to materially affect the resolutions proposed at the shareholders' meeting of the Company; or the shareholder who satisfies any one of the following conditions:

i) he, either alone or acting in concert with others, has the power to elect more than half of the directors;

ii) he, either alone or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;

iii) he, either alone or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company;

iv) he, either alone or acting in concert with others, exercise de facto control over the Company in other way.

(2) The “de facto controller” referred to herein shall mean any natural person, legal entity or other organization who/which 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 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) The “Hong Kong Stock Exchange” referred to in the Articles of Association shall mean The Stock Exchange of Hong Kong Limited.

(5) The expressions “Board of Directors”, “General Manager”, “Deputy General Manager”, “Chief Financial Officer” and “Secretary to the Board of Directors” as used in the Articles of Association shall refer, respectively, to the “Board of Directors”, “Manager”, “Deputy Manager”, “Person in Charge of Financial Affairs” and “Secretary to the Board of Directors” as used in the Company Law.

**Article 249** 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 250** 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 Market Regulation of Fuzhou City shall prevail.

**Article 251** The “above” and “within” referred to herein shall be inclusive of the stated figure; while “beyond”, “more than”, “other than”, “lower than” and “over” are not inclusive of the stated figure.

**Article 252** For purposes of the Articles of Association, the “accounting firm” has the same meaning as the “auditor” in the Hong Kong Listing Rules.

**Article 253** The Board shall be responsible for the interpretation of the Articles of Association.

**Article 254** The appendices to the Articles of Association shall include rules of procedure of the shareholders’ meeting and the Board.

**Article 255** Where there are provisions by the PRC governing preference shares, such provisions shall prevail.

**Article 256** The Articles of Association shall be put into force upon the consideration and approval at the shareholders’ meeting of the Company.