

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Fuguiniao Co., Ltd., you should at once hand this circular, together with the accompanying revised form(s) of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



富貴鳥股份有限公司
FUGUINIAO CO., LTD.

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1819)

**PROPOSED A SHARE OFFERING AND
CONSEQUENTIAL AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
SUPPLEMENTAL NOTICE OF EGM**

A letter from the Board is set out on pages 3 to 17 of this circular.

Notices dated 26 April 2016 convening the EGM and the Class Meetings to be held at the meeting room of 4th Floor, Office Building, Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the PRC, on Friday, 17 June 2016 together with the relevant reply slips and forms of proxy have been despatched to the Shareholders in accordance with the Listing Rules. A supplemental notice of EGM is set out on pages 188 to 189 of this circular.

If you intend to attend the relevant meeting(s) by proxy, you are required to complete and return the revised form(s) of proxy in accordance with the instructions printed thereon to the H Shares registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shares), or to the Company's registered office in the PRC at Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the PRC (in respect of Domestic Shares) as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the relevant meeting(s) or any adjournment thereof. Completion and return of the revised form(s) of proxy shall not preclude you from attending and voting in person at the relevant meeting(s) or any adjourned meeting(s) should you so wish.

25 May 2016

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I — SUMMARY OF FEASIBILITY ANALYSIS REPORT ON THE USE OF PROCEEDS FROM THE A SHARE OFFERING	18
APPENDIX II — PROFIT DISTRIBUTION POLICY AND DIVIDEND RETURN PLAN WITHIN THREE YEARS AFTER THE A SHARE OFFERING	20
APPENDIX III — DILUTION OF IMMEDIATE RETURN ARISING FROM THE A SHARE OFFERING, REMEDIAL MEASURES AND UNDERTAKINGS BY RELEVANT PARTIES	27
APPENDIX IV — PRICE STABILIZATION PLAN FOR THE A SHARE WITHIN THREE YEARS AFTER THE A SHARE OFFERING	39
APPENDIX V — AMENDMENTS TO THE ARTICLES OF ASSOCIATION	43
APPENDIX VI — RULES OF PROCEDURES OF THE GENERAL MEETINGS	127
APPENDIX VII — RULES OF PROCEDURES OF THE BOARD OF DIRECTORS	144
APPENDIX VIII — RULES OF PROCEDURES OF THE BOARD OF SUPERVISORS	154
APPENDIX IX — OTHER CORPORATE GOVERNANCE PROCEDURES ..	160
— RULES FOR CONNECTED TRANSACTIONS	160
— RULES FOR MANAGEMENT OF PROVISION OF EXTERNAL GUARANTEE	171
— WORKING RULES FOR INDEPENDENT DIRECTORS	180
APPENDIX X — COMPARISON OF THE DRAFT ARTICLES OF ASSOCIATION AGAINST THE ARTICLES OF ASSOCIATION TO BE EFFECTIVE UPON THE EGM AND THE CLASS MEETINGS	187
APPENDIX XI — SUPPLEMENTAL NOTICE OF EGM	188

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

“A Share(s)”	ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering and subscribed for in Renminbi
“A Share Offering”	the Company’s proposed initial public offering of not more than 235,989,300 A Shares, which are proposed to be listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Class Meeting(s)”	the H Shareholders’ Class Meeting and/or the Domestic Shareholders’ Class Meeting (as the case may be)
“Company”	Fuguiniao Co., Ltd. (富貴鳥股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares are listed on the main board of the Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shareholders’ Class Meeting”	the class meeting of the holders of Domestic Shares to be convened and held on Friday, 17 June 2016 immediately after the conclusion of the EGM to be held on the same date at the same place or any adjournment thereof
“Draft Articles of Association”	the draft Articles of Association, which will be effective and valid upon the listing of the A Shares on the Shanghai Stock Exchange

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at the meeting room of 4th Floor, Office Building, Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the PRC at 9:00 a.m. on Friday, 17 June 2016 or any adjournment thereof
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“H Shareholders’ Class Meeting”	the class meeting of the holders of H Shares to be convened and held on Friday, 17 June 2016 immediately after the conclusion of the Domestic Shareholders’ Class Meeting to be held on the same date at the same place or any adjournment thereof
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	20 May 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



富貴鳥股份有限公司
FUGUINIAO CO., LTD.

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1819)

Executive Directors:

Mr. Lam Wo Ping (*Chairman*)
Mr. Lam Wing Ho
Mr. Lam Wo Sze
Mr. Lam Kwok Keung
Mr. Hong Huihuang

Registered office:

Fuguiniao Industrial Park
East Section, Baqi Road
Shishi City
Fujian Province
The PRC

Independent non-executive Directors:

Mr. Wang Zhiqiang
Ms. Long Xiaoning
Ms. Chan Wah Man, Carman
Mr. Cheung Ming Hung

Principal place of business

in Hong Kong:
Room 1908
19/F, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

25 May 2016

To the Shareholders,

Dear Sir/Madam,

**PROPOSED A SHARE OFFERING AND
CONSEQUENTIAL AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
SUPPLEMENTAL NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcements published by the Company dated 16 April 2015, 22 April 2016 and 26 April 2016 and notices dated 26 April 2016 convening the EGM and the Class Meetings which include certain resolutions to be proposed at the EGM and the Class Meetings (as the case may be) in relation to the A Share Offering.

LETTER FROM THE BOARD

On 26 April 2016, the Board approved and resolved to submit to the EGM and Class Meetings for approval of certain matters in relation to the A Share Offering. In addition to the resolutions to be proposed at the EGM and the Class Meetings, details of which are set out in the notices dated 26 April 2016, it is proposed that at the EGM, a supplement resolution will be proposed to approve the status report of use of previously raised funds.

The purpose of this circular is to provide you with relevant information to enable you to make informed decision on whether to vote for or against the following resolutions to be proposed at the EGM and the Class Meetings (as the case may be):

SPECIAL RESOLUTIONS

- (1) The Company's fulfillment of the requirements of the A Share Offering;
- (2) Proposed A Share Offering;
- (3) Feasibility analysis report on the use of proceeds from the A Share Offering;
- (4) Distribution plan of the accumulated undistributed profits before the A Share Offering;
- (5) Dividend return plan within three years after the A Share Offering;
- (6) Dilution of immediate return arising from the A Share Offering and remedial measures;
- (7) Price stabilising plan for the A Shares within three years after the A Share Offering;
- (8) Proposed amendments to the Articles of Association and adoption of the rules of procedures of the general meetings, the Board of Directors and the board of supervisors of the Company and other corporate governance procedures in preparation for the A Share Offering and with effect upon the approval by the Shareholders at the EGM and the Class Meetings;
- (9) Proposed adoption of the Draft Articles of Association with effect upon the listing of the A Shares on the Shanghai Stock Exchange;
- (10) Undertakings to be given for the purpose of the A Share Offering and the relevant restricting measures;
- (11) Authorisation to the Board to implement the A Share Offering;
- (12) Status report of use of previously raised funds;

LETTER FROM THE BOARD

ORDINARY RESOLUTIONS

- (13) Proposed appointment of China Merchants Securities Co., Ltd. as the sponsor and lead underwriter in relation to the A Share Offering;
- (14) Proposed appointment of Jingtian & Gongcheng as the PRC legal advisor of the Company in relation to the A Share Offering; and
- (15) Proposed appointment of KPMG Huazhen Certified Public Accountants LLP (Special General Partnership) as the Company's auditors in relation to the A Share Offering.

The proposed A Share Offering and other related resolutions below are conditional and subject to market conditions and obtaining Shareholders' approval as ordinary resolutions or special resolutions (as the case may be) at the EGM and the Class Meetings (in respect of No. 1 to No. 11 only) and necessary approvals from the CSRC and other relevant regulatory authorities.

1. THE COMPANY'S FULFILLMENT OF THE REQUIREMENTS OF THE A SHARE OFFERING

The Company is of the view that the proposed A Share Offering and listing of the A Shares are in compliance with the relevant requirements under the Company Law of the PRC, the Securities Law of the PRC and the Measures for the Administration of Initial Public Offerings and Listing of Shares (《首次公開發行股票並上市管理辦法》).

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval as special resolutions.

LETTER FROM THE BOARD

2. PROPOSED A SHARE OFFERING

Details of the proposed A Share Offering are as follows:

(a) Class of Shares to be issued

domestic listed RMB ordinary Shares (A Shares)

(b) Nominal value per Share

RMB1.00

(c) Offering size

The total number of A Shares to be issued will be not more than 235,989,300 A Shares, representing approximately 17.65% of the total existing issued share capital of the Company before the issue, and approximately 15.00% of total enlarged issued share capital of the Company after the issue; and representing approximately 193.43% of the existing issued Domestic Shares of the Company before the issue, and approximately 65.92% of the enlarged issued Domestic Shares of the Company after the issue, assuming that there are no other changes to the issued share capital of the Company.

The existing Domestic Shares will become listed A Shares upon completion of the A Share Offering, subject to the restriction of trading for a period of one to three years.

The actual offering size will be determined by the Board as authorised by the Shareholders at the EGM and Class Meetings based on the prevailing market conditions at the time of the offering.

(d) Target subscribers

The target subscribers of the A Share Offering are qualified participants in the price consultation process as well as individuals, legal persons and other investors within the PRC which have established A share accounts with the Shanghai Stock Exchange (except those prohibited by the PRC laws and regulations).

LETTER FROM THE BOARD

(e) Method of offering

The offering will be conducted through a combination of placing to participants in the price consultation process through price consultation and online subscription pricing method, or through any other methods of offering as authorised by the CSRC.

(f) Pricing methodology

Taking into account the interests of the existing Shareholders and the market conditions of the PRC stock markets at the time of the A Share Offering, the issue price of the A Shares will be determined by the Company and the lead underwriter with reference to the results of the price consultation process or such other methods approved by the CSRC. In any event, the issue price of the A Shares shall be in compliance with the Listing Rules (including the requirements under Rule 13.36(5) of the Listing Rules) and shall not be less than the audited net asset value per Share as stated in the audited financial statements of the Company for the financial year immediately preceding the A Share Offering in line with the PRC market practice.

(g) Place of listing

the Shanghai Stock Exchange

(h) Form of underwriting

The offering will be underwritten by the underwriter(s) on a standby commitment basis.

(i) Time of issuance

The Company will select an appropriate time within the validity period of the resolutions to be passed at the EGM and the Class Meetings (where applicable) to implement the A Share Offering. The A Share Offering is subject to approval by the CSRC and other relevant regulatory authorities. The Board and the persons delegated by the Board will determine the actual time of issuance with reference to the domestic and international capital market conditions, as well as the status of review of the Company's application for the relevant approvals by the CSRC and other relevant regulatory authorities.

(j) Conversion into a joint stock company with limited liability with domestic and overseas listed shares

Since H Shares of the Company are listed on the main board of the Stock Exchange and the Company intends to apply for the listing of A Shares on the Shanghai Stock Exchange, the Company will make an application to convert into a joint stock company with limited liability with domestic and overseas listed shares.

LETTER FROM THE BOARD

(k) Valid period of the resolutions

The proposed A Share Offering shall be subject to approval by the Shareholders at the EGM and the Class Meetings. Upon approval, the proposed A Share Offering and related resolutions will be valid for 12 months from the date of passing of each resolution at the EGM and the Class Meetings. As the progress of the application for the A Share Offering is dependent on the approval process of the CSRC and other regulatory authorities and is likely to take more time under the current market conditions, the Directors consider a validity of 12 months for the resolutions relating to the A Share Offering flexible and practicable to the application of the A Share Offering. In the event that the resolutions described herein expire prior to the A Share Offering, the Directors will seek the Shareholders' approval to extend the validity period of the resolutions relating to the A Share Offering.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval as special resolutions.

3. FEASIBILITY ANALYSIS REPORT ON THE USE OF PROCEEDS FROM THE A SHARE OFFERING

In accordance with the relevant national industry policies and the development needs of the business operation of the Company, the proceeds to be raised from the A Share Offering, after deduction of relevant offering expenses, will be used in the following projects: (i) the project for upgrading and expanding the sales channel of the Group; (ii) the project for upgrading and developing the technology of the manufacturing lines of the Group; and (iii) the project for upgrading and establishing the design, research and development centre of the Group, the total investment amount of and the proceeds to be raised from the A Share Offering and applied to which, will not, in an aggregate, exceed RMB1.2 billion.

To ensure the smooth implementation of the above projects, before the receipt of the proceeds, the Company will firstly invest by self-raised funds according to the actual progress of the projects, and will replace the invested self-raised funds by the proceeds from the A Share Offering within six months after the receipt of the proceeds from the A Share Offering. If the fund required for the above-mentioned projects cannot be satisfied by the actual net proceeds from the A Share Offering, the shortfall will be covered by bank loans or self-raised funds of the Company, provided that the intended projects should not be changed. The Company will manage and use the proceeds strictly according to the relevant requirements.

LETTER FROM THE BOARD

In preparation for the application of the A Share Offering, the Company has prepared the feasibility analysis report on the use of proceeds from the A Share Offering, a summary of which is set out in Appendix I to this circular.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

4. DISTRIBUTION PLAN OF THE ACCUMULATED UNDISTRIBUTED PROFITS BEFORE THE A SHARE OFFERING

The accumulated undistributed profits of the Company before the A Share Offering should be shared among all the Shareholders (including holders of H Shares, Domestic Shares and A Shares) in proportion to their respective shareholdings after the completion of the A Share Offering.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

5. DIVIDEND RETURN PLAN WITHIN THREE YEARS AFTER THE A SHARE OFFERING

In order to further strengthen and improve the profit distribution policy, and offer continuous, stable and reasonable investment returns to the Shareholders, the Company has formulated the dividend return plan within three years after the A Share Offering based on the relevant rules and regulations as well as the Articles of Association, and taking into full account of its actual operations and the needs of future development. It will also be proposed at the EGM that the Board be authorised to adjust such plan based on any changes in laws, regulations, regulatory documents and related policies or the opinions of the regulatory authorities in, and out of, the PRC.

Please refer to Appendix II to this circular for the details of the policy and the plan.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

6. DILUTION OF IMMEDIATE RETURN ARISING FROM THE A SHARE OFFERING AND REMEDIAL MEASURES

In accordance with the Opinions of General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in Capital Market (Guo Ban Fa [2013] No. 110) (國務院辦公室關於進一步加強資本市場中小投資者合法權益保護工作的意見(國辦發[2013]110號)) and other relevant laws and regulations, the Company has conducted the analysis of the dilution of immediate return arising from the A Share Offering, and has adopted relevant remedial measures on recovery of return.

Please refer to Appendix III to this circular for the details of the analysis, the relevant remedial measures and undertakings by the relevant parties.

LETTER FROM THE BOARD

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

7. PRICE STABILISING PLAN FOR THE A SHARES WITHIN THREE YEARS AFTER THE A SHARE OFFERING

In order to effectively protect the interests of the Shareholders and enhance the investment confidence of the investors, the Company has formulated a price stabilising plan for the A Shares within three years after the A Share Offering.

Please refer to Appendix IV of this circular for the details of the plan.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF THE RULES OF PROCEDURES OF THE GENERAL MEETINGS, THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS OF THE COMPANY AND OTHER CORPORATE GOVERNANCE PROCEDURES IN PREPARATION FOR THE A SHARE OFFERING

In accordance with the Company Law and the Securities Law of the PRC, the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), as well as related laws, regulations and regulatory documents, the Company proposes to make certain amendments to the Articles of Association and adopt the rules of procedures of the general meetings, the Board of Directors and the board of supervisors of the Company and other corporate governance procedures (i.e., rules for connected transactions, rules for management of provision of external guarantee and working rules for independent Directors) to further optimise the corporate governance structure of the Company in preparation for the A Share Offering, which will be effective upon the approval by the Shareholders at the EGM and the Class Meetings.

Please refer to Appendices V, VI, VII, VIII and IX to this circular for details of the proposed amendments to the Articles of Association and the details of the rules of procedures of the general meetings, the Board of Directors and the board of supervisors of the Company and other corporate governance procedures (i.e., rules for connected transactions, rules for management of provision of external guarantee and working rules for independent Directors), respectively.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

9. PROPOSED ADOPTION OF THE DRAFT ARTICLES OF ASSOCIATION WITH EFFECT UPON THE LISTING OF THE A SHARES

In accordance with the Company Law and the Securities Law of the PRC, the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), as well as related laws, regulations and regulatory documents, the Company proposes to adopt

LETTER FROM THE BOARD

the Draft Articles of Association to reflect the share capital and shareholding structure of the Company upon the A Share Offering, which will be effective upon the listing of the A Shares on the Shanghai Stock Exchange.

Please refer to Appendix X to this circular for comparison of the Draft Articles of Association against the Articles of Association to be effective upon the EGM and the Class Meetings (assuming the amendments set out in Appendix V to this circular will be approved at the EGM and the Class Meetings).

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

10. UNDERTAKINGS TO BE GIVEN FOR THE PURPOSE OF THE A SHARE OFFERING AND THE RELEVANT RESTRICTING MEASURES

In order to protect the interests of the public investors, the Company undertakes that, the undertaking in relation to the A Share Offering does not contain any false content, misleading statements or material omission and the Company takes liability on the authenticity, accuracy and completeness thereof. If the undertaking in relation to the A Share Offering contains false statement, misleading statements or material omission, which has a material and substantial impact on determining whether the Company meets the requirements of the A Share Offering, (i) when the Company has completed the A Share Offering but has not completed the listing of A Shares, the Company will initiate the procedures to repurchase the new A Shares with the repurchase price being the aggregate of the issue price and the relevant prevailing bank deposit interests for the same period; or (ii) when the Company has not completed the A Share Offering, the Company will initiate the procedures to repurchase the new A Shares with the repurchase price being the higher of the issue price or the price on the secondary market, within 30 days following the decision made by the relevant government authorities on the above breach of undertaking.

In addition, the Company undertakes to repurchase all the new A Share to be issued under the A Share Offering and compensate, together with the ultimate controller of the Company, the investors for the losses suffered by them in accordance with the relevant laws if the prospectus or other disclosure of the Company in relation to the A Share Offering contains any false representation, misleading statement or material omission.

Should the relevant laws, regulations and regulatory documents (including the listing rules of the jurisdiction where the Shares of the Company are listed) have other requirements in respect of the Company's performance of the above undertakings, the Company shall unconditionally comply with such other requirements.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

LETTER FROM THE BOARD

11. AUTHORISATION TO THE BOARD TO IMPLEMENT THE A SHARE OFFERING

The Board will seek the Shareholders' authorisation at the EGM and the Class Meetings respectively to authorise the Board to implement the A Share Offering, including but not limited to:

- (a) in accordance with the relevant regulatory requirements of the securities regulatory authorities of the PRC and outside the PRC and considering the conditions in the capital market, to be fully responsible for the improvement and implementation of the plan for the A Share Offering, including but not limited to, determining the number of Shares to be offered, the issue price, the undertakings by the Company, the specific offering date, offering methods, the allocation ratio of the fund and other matters relating to the implementation of the plan for the A Share Offering; and to adjust the plan for the A Share Offering, unless required to be voted on the general meetings by relevant laws, regulations, regulatory documents and the Articles of Association, in accordance with the circumstances arising from the actual implementation of the plan for the A Share Offering, the market conditions, policy adjustments and the views of regulatory authorities;
- (b) in accordance with the plan for the A Share Offering, to apply for vetting, registration, filing, approval and consent by relevant government agencies and regulatory authorities in, and out of, the PRC; to sign, execute, modify, complete and deliver any agreements, contracts or the necessary documents relating to the A Share Offering; to determine the fund raising account; and to publish the statements and commitments relating to the A Share Offering and act appropriately;
- (c) to draft, modify, sign, deliver, publish, disclose, execute, suspend, and terminate any agreements, contracts, announcements, circulars or other necessary documents (including but not limited to letter of intent, prospectus, recommendation and guarantee agreement, underwriting agreement, listing agreement and intermediary service agreement) relating to the A Share Offering; to engage the sponsor, underwriter, legal counsel, accountant, receiving bank and other intermediaries relating to the A Share Offering; and to determine and pay for the expenses relating to the A Share Offering;
- (d) to amend the relevant provisions of the Articles of Association and other corporate governance documents relating to the A Share Offering in accordance with the actual issuance, and to handle the registration of the relevant amendments with the industry and commerce authorities;

LETTER FROM THE BOARD

- (e) in accordance with the actual issuance, to handle the approval, filing and registration of the relevant changes with the CSRC and the industry and commerce authorities; and
- (f) to handle other matters which the Board consider as necessary, proper or appropriate matters relating to the A Share Offering.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

12. STATUS REPORT OF USE OF PREVIOUSLY RAISED FUNDS

In accordance with the Regulations on the Status Report on Use of Previously Raised Funds of the CSRC (Zheng Jian Fa Xing Zi [2007] No. 500), the Company prepared the status report on use of previously raised funds according to the actual circumstance of the use of proceeds from the initial public offering of H Shares.

The Company issued a total of 134,909,200 Shares in the initial public offering of H Shares (including 1,333,340,000 H Shares at the time of listing of the Company in December 2013 and 1,569,200 over-allotment H Shares in January 2014), and the net proceeds raised after deducting the offering expenses were approximately RMB905.7 million. The Company reports that the actual uses of proceeds were in line with the disclosure in the prospectus of the Company dated 10 December 2013 and the circular of the Company dated 12 October 2015.

This proposal has been approved by the Board, and shall be submitted to the EGM for consideration and approval by way of special resolution.

13. PROPOSED APPOINTMENT OF CHINA MERCHANTS SECURITIES CO., LTD. AS THE SPONSOR AND LEAD UNDERWRITER IN RELATION TO THE A SHARE OFFERING

The Company proposed to appoint China Merchants Securities Co. Ltd. as the sponsor and lead underwriter in relation to the A Share Offering.

This proposal has been approved by the Board, and shall be submitted to the EGM for consideration and approval by way of ordinary resolution.

14. PROPOSED APPOINTMENT OF JINGTIAN & GONGCHENG AS THE PRC LEGAL ADVISOR IN RELATION TO THE A SHARE OFFERING

The Company proposed to appoint Jingtian & Gongcheng as the PRC legal advisor in relation to the A Share Offering.

This proposal has been approved by the Board, and shall be submitted to the EGM for consideration and approval by way of ordinary resolution.

LETTER FROM THE BOARD

15. PROPOSED APPOINTMENT OF KPMG HUAZHEN CERTIFIED PUBLIC ACCOUNTANTS LLP (SPECIAL GENERAL PARTNERSHIP) AS THE COMPANY'S AUDITORS IN RELATION TO THE A SHARE OFFERING

The Company proposed to appoint KPMG Huazhen Certified Public Accountants LLP (Special General Partnership) as the auditors in relation to the A Share Offering with effect from the date of the approval of such appointment at the EGM. The Board also seeks the Shareholders to grant the Board an authorisation for the Board to determine and fix their remuneration.

This proposal has been approved by the Board, and shall be submitted to the EGM for consideration and approval by way of ordinary resolution.

16. OTHER INFORMATION FOR THE A SHARE OFFERING

Reasons and benefits of the A Share Offering

The Directors consider that the A Share Offering will further promote the brand awareness, optimise the corporate governance structure, develop domestic and international financing platforms and improve liquidity of Shares of the Company.

As a footwear retailer, most of the Company's retail network, consumer base and business partners are based in mainland China. The A Share Offering to achieve a dual listing in both Hong Kong and the PRC will further improve the brand awareness and reputation and optimise the corporate governance structure of the Company.

In addition, the Directors believe that the rapid and sound growth of the Company depends on the establishment of a more extensive and in-depth multi-brand retail network based on strong capital strength. The A Share Offering will establish a domestic financing platform and further enhance the capital strength of the Company, which will support the expansion and continuous optimisation of the Company's business operation and enhance liquidity of Shares of the Company as well.

Having considered, among other things, the foregoing reasons for the A Share Offering, the Directors consider that the A Share Offering is in the interest of the Company and the Shareholders as a whole.

Fund raising activities in the past twelve months

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

Except for the proposed issue of domestic corporate bonds, short-term commercial papers or other debt financing instruments, details of which were disclosed in the announcements of the Company dated 8 March 2016, 28 March 2016 and 18 April 2016 and the circular of the Company dated 22 January 2016, as of the Latest Practicable Date, the Company does not have any other concrete plans to conduct any fund raising activity involving the issue of equities securities (apart from the proposed A Share Offering) in the next 12 months from the Latest Practicable Date.

Public float

As at the Latest Practicable Date, based on the publicly available information and to the best of the Directors' knowledge, approximately 25.86% of the total issued Shares are held by the public, and the Company has maintained a public float above the minimum requirements as prescribed in the Listing Rules. The Company undertakes that it will continue to comply with the public float requirement as prescribed in the Listing Rules during the application process and after completion of the A Share Offering.

Effects of the A Share Offering on the shareholding structure of the Company

For reference and illustration purposes only, assuming that (i) a total of 235,989,300 A Shares are to be issued under the A Share Offering, and (ii) there are no other changes to the issued share capital of the Company, the shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after completion of the A Share Offering are set out as follows:

	(a) as at the Latest Practicable Date		(b) immediately after completion of the A Share Offering	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
Non-public Shareholders				
— Domestic Shares	122,000,000	9.12	122,000,000	7.75
— H Shares	869,484,000	65.02	869,484,000	55.27
Public Shareholders				
— new A Shares to be issued	—	—	235,989,300	15.00
— H Shares	345,789,000	25.86	345,789,000	21.98
Total	<u>1,337,273,000</u>	<u>100</u>	<u>1,573,262,300</u>	<u>100</u>

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the EGM and the Class Meetings, the register of members of the Company will be closed from Wednesday, 18 May 2016 to Friday, 17 June 2016 (both days inclusive), during which period no transfer of Shares will be effected. The record date for entitlement to attend and vote at the EGM and the Class Meetings is Friday, 17 June 2016. In order to be qualified to attend and vote at the EGM and the Class Meetings, all transfers documents accompanied by the relevant Share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712—1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shares), or to the Company's registered office in the PRC at Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the PRC (in respect of Domestic Shares) no later than 4:30 p.m. on Tuesday, 17 May 2016.

NOTICES OF THE EGM AND CLASS MEETINGS

The EGM will be held at the meeting room of 4th Floor, Office Building, Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the PRC at 9:00 a.m. on Friday, 17 June 2016. The Domestic Shareholders' Class Meeting will be held immediately after the conclusion of the EGM at the same place, and the H Shareholders' Class Meeting will be held immediately after the conclusion of the Domestic Shareholders' Class Meeting at the same place. Notices dated 26 April 2016 convening the EGM and the Class Meetings together with the relevant reply slips and forms of proxy have been despatched to the Shareholders in accordance with the Listing Rules. A supplement notice of EGM (which is set out on pages 188 to 189 of this circular) and the revised forms of proxy will be despatched to the Shareholders together with this circular.

REPLY SLIPS AND REVISED FORMS OF PROXY

If you are eligible and intend to attend the EGM and/or the Class Meeting(s), please complete and return the reply slip(s), in accordance with the instructions printed thereon as soon as possible and in any event no later than 20 days before the date appointed for holding such meeting(s) or any adjournment thereof.

Shareholders who intend to attend the EGM and/or the Class Meeting(s) by proxy are required to complete and return the revised form(s) of proxy, in accordance with the instructions printed thereon as soon as possible and in any event not later than 24 hours before the time appointed for the holding of such meeting(s) or any adjournment thereof. Completion and return of the revised form(s) of proxy will not preclude you from attending and voting in person at such meeting(s) or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

VOTING BY POLL AT THE EGM AND THE CLASS MEETINGS

Pursuant to Rule 13.39(4) of the Listing Rules, the resolutions to be proposed at the EGM and the Class Meetings as set out in the notices of the EGM and the Class Meetings dated 26 April 2016 must be taken by poll. The chairman of the EGM and the Class Meetings will therefore demand a poll for every such resolution put to the vote at the EGM and the Class Meetings. On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his or her name in the register of Shareholders. A Shareholder entitled to more than one vote need not use all his or her votes or cast all the votes he or she uses in the same way.

RECOMMENDATION

The Board considers that all resolutions set out in the notices of the EGM and the Class Meetings and the supplemental notice of EGM for Shareholders' consideration and approval are in the best interests of the Company and its Shareholders. As such, the Board recommends the Shareholders to vote in favor of the resolutions set out in the notices of the EGM and the Class Meetings and the supplemental notice of EGM which are to be proposed at the EGM and the Class Meetings.

By order of the Board
Fuguiniao Co., Ltd.
Lam Wo Ping
Chairman

APPENDIX I SUMMARY OF FEASIBILITY ANALYSIS REPORT ON THE USE OF PROCEEDS FROM THE A SHARE OFFERING

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

I. USE OF PROCEEDS FROM THE A SHARE OFFERING

The Company proposes to issue no more than 235,989,300 A Shares by way of initial public offering. These Shares will be issued by the Company. The proceeds, after deduction of relevant offering expenses, will be used in upgrading and expanding the sales channel; upgrading and developing the technology of the manufacturing lines; and upgrading and establishing the design, research and development centre of the Company. The total investment amount is estimated to be no more than RMB1,200 million. The A Share Offering is subject to the approval by the regulatory authorities such as the CSRC.

In the event the proceeds from the A Share Offering are insufficient to cover the entire investment amount of the investment project, the Company will allocate the internal resources and bank loans to make up for the shortfall. In the event the proceeds from the A Share Offering exceed the total investment amount, the surplus will be used for its principal business after completing the necessary procedures as required by the applicable laws and regulations.

The proposed A Share Offering is subject to the approval by the regulatory authorities such as the CSRC.

II. BACKGROUND AND NECESSITY OF THE INVESTMENT PROJECT WITH THE PROCEEDS FROM THIS A SHARE OFFERING

1. The A Share Offering is to cater for the acute shift in domestic consumer demand

The high speed economic growth in the PRC for the past many years has slowed down to medium-high growth. The market is entering into a “New Normal” stage with more focus on quality and on further satisfying people’s consumption demand for comfortable goods. As a branded footwear and apparel enterprise, the Company is facing with considerable development potential, yet it is also under great pressure for transformation and upgrading. With the proceeds from this A Share Offering, the Company will start a comprehensive strategic upgrading to boost our strength in design, production and sale, helping the Company to launch new products to match with consumers’ preference at a faster pace, catering for the acute shift in domestic market and ultimately improving the Company’s performance.

APPENDIX I SUMMARY OF FEASIBILITY ANALYSIS REPORT ON THE USE OF PROCEEDS FROM THE A SHARE OFFERING
--

2. The A Share Offering is to cater for the rapid transformation in domestic business environment

During the process of rapid urbanization and continuing development of the PRC economy, domestic business environment is undergoing rapid transformation demonstrated by on-going progress and reform in technology and operation model of online and offline business channels. As a branded footwear and apparel enterprise directly facing the consumer market, the Company, with the proceeds from the A Share Offering, will make innovation in several aspects, including product line planning, design of new products, sales and marketing mode, so as to cater for the rapid development of business environment and marketing strategy in the market.

III. BASIC INFORMATION OF THE INVESTMENT PROJECTS USING THE PROCEEDS FROM THE A SHARE OFFERING

1. The proceeds from the A Share Offering will not exceed RMB1.2 billion, which, after deducting offering expenses, will be applied to the following three projects according to their priorities: upgrading and expanding the sales channels, upgrading and developing the technology of the manufacturing lines, and upgrading and establishing the design, research and development center.
2. Such projects will be undertaken by the Company and its subsidiaries.
3. Specific details of each of the investment projects using the proceeds from the A Share Offering:
 - (1) Upgrading and expanding the sales channels: to set up not more than 300 proprietary retail outlets throughout the country, including standard stores and multi-brand stores; and to further increase inputs in venue, equipment and manpower necessary for e-commerce. Such investment will be applied mainly to the purchase, leasing and fitting-out work for proprietary retail outlets as well as purchase of equipment and start-up funding for these stores and e-commerce channels. The project will be completed within 3 years;
 - (2) Upgrading and developing the technology of the manufacturing lines: to purchase of domestic and overseas equipment and information system with advanced mechanization and informationization standards and upgrading the technology and management of our general production lines. Such investment will be applied mainly to equipment, software and manpower. The project will be completed within 2 years;
 - (3) Upgrading and establishing the design, research and development center: to purchase of advanced equipment for design, sample-making and testing, and to improve the Company's design and R&D strength on footwear products under various brands. Such investment will be applied mainly to equipment, software and manpower. The project will be completed within 3 years.

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

In order to further strengthen and improve the scientific, consistent and stable dividend distribution decision-making and supervision mechanism of the Company, actively offer reasonable returns for investors and guide the investors to establish long-term and reasonable investment concepts, the Board has formulated the following profit distribution policy and the dividend return plan within three years after the A Share Offering in accordance with the requirements of the Notice Regarding Further Implementation of Cash Dividends Distribution by Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》 issued by the CSRC, as well as the requirements of the Articles of Association:

I. PROFIT DISTRIBUTION POLICY

The Company shall implement a consistent and stable profit distribution policy. On the premise of profitability and cash flow to satisfy the normal operations and long-term development of the Company, the Company shall ensure reasonable returns for the investors. The Board has formulated a dividend distribution policy as follows:

(1) Principle of profit distribution

1. The profit distribution policy of the Company shall fully take into consideration of the reasonable returns for the investors and shall maintain consistency and stability.
2. The profit distribution policy of the Company shall mainly take into account the long-term interests of the Company, the interests of all the Shareholders as a whole and the sustainable development of the Company. Profit distribution shall not exceed the accumulated distributable profit nor damage the Company's ability to operate on an ongoing basis.
3. The Board, the board of supervisors and the general meetings of the Company shall, in the decision-making and discussion process with respect to the profit distribution policy, fully take into account the opinions of the independent Directors and the public investors.

(2) Method of profit distribution

The Company may distribute profit in the form of cash, Shares, and by the combination of cash and Shares or otherwise as permitted by the laws and regulations, and shall actively promote the distribution of profits in the form of cash. Where the Company records a profit in a given year and the accumulated distributable profit is positive in value, the Company shall make profit distribution

in cash at least once every year. The Board may propose to the Company to make interim profit distribution based on the profitability and capital requirements of the Company. Where profit distribution is made in the form of Shares, actual and reasonable factors such as the Company's growth and dilution of net assets per Share shall be taken into account.

(3) Conditions to be satisfied for cash dividend distribution:

1. Distributable profit achieved by the Company in such year (i.e. post-tax profit after offsetting losses and withdrawing public reserve funds) is positive in value, cash flow is abundant, and cash dividend distribution may not influence the Company's subsequent operation on an ongoing basis;
2. The auditing firm issues a standard unqualified audit report on the financial report of the Company for such year;
3. The Company has no such events as major investment plan or significant cash expenditure, excluding fundraising projects in the next 12 months. Major investment plan or significant cash expenditure refers to one of the following circumstances: (1) the proposed external investment, acquisition of assets or purchase of equipment by the Company in the next 12 months with accumulated expenses amounting to or exceeding 50% of the latest audited net assets of the Company and exceeding RMB50 million; or (2) the proposed external investment, acquisition of assets or purchase of equipment by the Company in the next 12 months with accumulated expenses amounting to or exceeding 30% of the latest audited total assets of the Company.

(4) Proportion and time interval of cash dividend distribution

Subject to satisfaction of the principle of profit distribution and cash dividend distribution, the profit to be distributed by the Company in cash each year shall be no less than 10% of the distributable profit achieved in a given year, and the accumulated profit to be distributed by the Company in cash for any three consecutive accounting years shall be no less than 30% of the average annual distributable profit achieved during such three years. The Board may propose to the Company to make interim cash dividend distribution based on the profitability and capital requirements of the Company. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

The Board, as authorised at the general meetings of the Company, shall take into account, among others, features of the industries where the Company operates, its development stages, business model, profitability and whether it has any significant capital expenditure plans and formulate a differentiated dividend

distribution policy in accordance with the provisions set out below and procedures set out in the Articles of Association:

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

If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the foregoing provisions.

The "proportion of cash dividends in the profit distribution" shall be calculated as the cash dividend divided by the sum of cash dividend and stock dividend.

(5) Conditions for stock dividend distribution

The Company may distribute profits in the form of stock dividend based on the accumulated distributable profits, reserves and cash flows, and on the premise that there is adequate cash dividend and a reasonable share capital structure of the Company. The proportion of distribution shall be considered and passed by the Board before submitting to the general meetings of the Company for consideration and approval.

- (6) Where there is any illegal misappropriation of funds of the Company by any Shareholders, the Company shall deduct the cash dividends distributed to such Shareholder to offset the funds misappropriated by such Shareholder.

(7) Decision-making procedures and mechanism for profit distribution

1. The profit distribution plan of the Company shall be formulated by the Board, which is subject to the consideration and approval by the Board with obtaining of consent from more than two-thirds of the independent Directors of the Company and the consideration and approval by the board of supervisors of the Company, respectively, before submitting to the general meetings of the Company for approval.

2. Procedures and requirements that are required to be fulfilled upon consideration and approval for profit distribution by the Board: The Board shall, after taking into account the actual operating statistics, scale of profitability, cash flow conditions, development plans and future funding requirements of the Company, as well as the opinions of the Shareholders (especially minority Shareholders) and the independent Directors, study and identify the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures for the cash dividend distribution of the Company in accordance with the profit distribution policy stated in the Articles of Association. Proposal of annual or interim profit distribution shall be submitted to the general meetings of the Company and implemented after its consideration and approval. The proposal of profit distribution must be passed by a simple majority of votes of the members of the Board before submitting to the general meetings of the Company for consideration and approval.

Independent Directors shall advise on the rationality of the profit distribution proposal and issue an explicit opinion on the details of the cash dividend distribution plan. Independent Directors may solicit opinions from the minority Shareholders and make proposal on dividend distribution and submit it to the Board for consideration and approval.

3. Procedures and requirements that are required to be fulfilled upon consideration and approval for profit distribution plan at the general meetings of the Company: When details of the cash dividend distribution plan are considered at the general meetings of the Company, different channels should be used to proactively communicate and interact with the Shareholders, in particular, the minority Shareholders, with their opinions fully heard and their concern timely addressed. The proposal of profit distribution proposed by the Board at the general meetings of the Company shall be voted in accordance with the laws and regulations. When the profit distribution plan is resolved at the general meetings of the Company, the Board must complete the dividend (or stock) distribution within 2 months from the convening of the general meetings of the Company.
4. The profit distribution proposal prepared or revised by the Board shall be subject to consideration by the board of supervisors of the Company and approval by a simple majority of the supervisors of the Company. If the Company records profit for the year but does not make a cash dividend plan, the board of supervisors of the Company shall explain and advise on the relevant policy and implementation progress of the

plan. The board of supervisors of the Company shall supervise the implementation of the profit distribution plan and the dividend return plan.

5. The Company shall effectively protect the public Shareholders' right to attend the general meetings of the Company. The Board, independent Directors and shareholders who have fulfilled certain conditions may solicit the voting rights from the Shareholders at the general meetings of the Company.

(8) Adjustment mechanism of the profit distribution policy

1. Where the Company has to adjust the profit distribution policy based on the production and operating conditions, investment plans and long-term development needs or as a result of changes in the external operating environment, the Company shall, on the premise of safeguarding the interests of the Shareholders, ensure that the profit distribution policy after adjustment shall not be in breach of the requirements of the relevant laws, regulations or regulatory documents.
2. The Board shall, after sufficient study and deliberation, propose the resolution regarding the adjustment of the profit distribution policy, where the independent Directors and the board of supervisors of the Company shall issue their opinions and submit to the Board for consideration and approval before submitting it to the general meetings of the Company for approval. The Company shall facilitate the public Shareholders to attend the general meetings of the Company through such platforms as trading system operated by the stock exchange and internet voting system depending on the circumstances. The resolution regarding the adjustment of the profit distribution policy proposed at the general meetings of the Company must be passed by two-thirds of the voting rights held by the Shareholders attending the general meetings of the Company.

(9) Principle of utilization of the undistributed profits of the Company

The undistributed profits set aside by the Company shall be mainly used for significant investments such as external investments, acquisition of assets or purchase of equipment and used as working capital for daily operations, as well as used to expand the scale of production and operation, optimize the corporate asset structure and financial structure, facilitate the effective and sustainable development of the Company, and achieve the growth plans and objectives of the Company to maximize the benefits of the Shareholders.

(10) Information disclosure on profit distribution

1. The Company shall disclose the profit distribution plan and the plan of capitalization from capital reserve in the regular reports. The independent Directors shall issue their independent opinions in this regard.
2. The Company shall disclose the progress of implementation of the profit distribution plan, plan of capitalization from capital reserve or issue of new Shares taken place during the reporting period in the regular reports.
3. Where the Company recorded profits for the preceding accounting year but the Board has not yet formulated the proposal of cash dividend distribution or profit distribution is made in a proportion lower than the cash dividend proportion as stipulated in the Articles of Association, the reasons for non-distribution or distribution in a proportion lower than the cash dividend proportion as stipulated in the Articles of Association as well as the utilisation and proposed utilization of the undistributed profits set aside by the Company for purposes other than dividend distribution shall be explained in the regular reports in details. The independent Directors shall issue their independent opinions in this regard.

II. PRINCIPLE OF THE DIVIDEND RETURN PLAN FORMULATED BY THE COMPANY

The formulation of the plan shall be in compliance with the Articles of Association and the relevant profit distribution requirements taking into consideration of the Company's growth strategies, recent operating plans, industry environment, social capital costs and external financing environment. A consistent, stable and scientific dividend return plan and system for investors shall be established to ensure continuity and stability of the profit distribution policy.

III. DIVIDEND RETURN PLAN WITHIN THREE YEARS AFTER THE A SHARE OFFERING**1. Method of distribution**

The Company may distribute profit in the form of cash, Shares, and by the combination of cash and Shares. Subject to relevant laws and regulations and on the premise that the cash flows of the Company are sufficient to satisfy the normal operations and long-term development of the Company, the Company shall actively promote the distribution of profits in the form of cash.

2. Minimum dividend distribution proportion

Subject to satisfaction of relevant dividend distribution conditions and on the premise of ensuring the continuity and stability of the profit distribution policy, the profit to be distributed in cash each year shall be no less than 20% of the distributable profit achieved in a given year, and in any three consecutive accounting years, the accumulated profit to be distributed by the Company in cash shall be no less than 30% of the average annual distributable profit achieved during such three years. Where the net profits of the Company within three years after the A Share Offering maintain continuous and stable growth, the Company may increase the cash dividend distribution proportion or distribute profit in the form of Shares to maximize the returns for the Shareholders.

3. Period of distribution

The Board may propose annual distribution or interim distribution based on the profitability and capital needs of the Company.

**IV. VALIDITY MECHANISM OF THE POLICY DISTRIBUTION POLICY AND THE
DIVIDEND RETURN PLAN WITHIN THREE YEARS AFTER THE A SHARE
OFFERING**

Interpretation on the policy distribution policy and the dividend return plan within three years after the A Share Offering shall be subject to the Board. The relevant policy and plan and their amendments will come into force from the date of approval of the resolutions at the general meetings of the Company. Any matters not covered herein shall be governed by the relevant laws, regulations, regulatory documents and the Articles of Association.

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

As required by the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legal Rights and Interests of Small and Medium Investors in the Capital Market (GBF [2013] No. 110), Guiding Opinions on Matters Concerning the Immediate Return Dilution by IPO, Refinancing and Material Asset Reorganization of the CSRC (CSRC Announcement [2015] No. 31) and other documents, an analysis on the matters in relation to the dilution of immediate return arising from the A Share Offering was made with corresponding remedial measures. The relevant parties have also given their related undertakings with details as follows:

I. ANALYSIS ON THE DILUTION OF IMMEDIATE RETURN ARISING FROM THE A SHARE OFFERING

The total number of A Shares to be issued pursuant to the A Share Offering will not be more than 235,989,300 and total amount of proceeds to be raised will not be more than RMB1.2 billion. After the A Share Offering, total equity and net assets of the Company will be increased correspondingly, however, a certain period of time is required for the proceeds raised to generate economic efficiency and return on investment projects requires a certain period to be achieved. Within a certain period of time after receiving those proceeds, if for the year when the proceeds of the A Share Offering are received, the increase in net profit of the Company is lower than the increases in its net assets and total equity, earnings per Share, weighted average return on net assets and other financial indicators would be lower to a certain extent, that is, there exists a risk of immediate return to Shareholders being diluted. Therefore, there exists a risk of earnings per Share being diluted for the year when the proceeds of the A Share Offering are received.

II. RISK WARNING ON THE DILUTION OF IMMEDIATE RETURN AS A RESULT OF THE A SHARE OFFERING

Upon receipt of the proceeds raised by the A Share Offering, the net assets size and total equity size of the Company will be increased. It takes a certain period of time to generate profit from the invested projects, and thus there exists the risk that earnings per Share and return on net assets would be diluted in the short term. In addition, in the event that the proceeds raised from this issue fail to achieve the expected efficiency, it would also result in the dilution of earnings per Shares and return on net assets of the Company, thus decreasing return to Shareholders of the Company.

III. NECESSITY AND RATIONALE OF THE A SHARE OFFERING, AND RELATION BETWEEN THE PROJECTS TO BE INVESTED BY THE PROCEEDS RAISED AND THE EXISTING BUSINESSES OF THE COMPANY, AND THE EMPLOYEE, TECHNOLOGICAL AND MARKET RESERVES OF THE COMPANY IN THE PROJECTS TO BE INVESTED BY THE PROCEEDS RAISED

(I) Necessity and rationale of this issue

1. *This A Share Offering is to cater for the acute shift in domestic consumer demand*

The high speed economic growth in the PRC for the past many years has slowed down to medium-high growth. The market is entering into a “New Normal” stage with more focus on quality and on further satisfying people’s consumption demand for comfortable goods. As consumers are paying more attention to quality, it has become mainstream that quality consumption is gradually replacing the imitative and wave style consumption. On the one hand, the younger generation is more tended to select branded goods with the personality characteristics, so branded consumer goods companies need to improve continuously in the consumer experience, personalized design, flexible manufacturing and other aspects; on the other hand, the general consumer population, especially the middle-income group, pay more and more attention to safety and practicality, comfort and beauty, taste and style and other attributes of consumer goods. As such, branded footwear and garment enterprises not only have vast potential development opportunities, but also face higher pressure of transformation and upgrading.

The Company will start a comprehensive strategic upgrading to boost our strength in design, production and sale, helping the Company to launch new products to match with consumers’ preference at a faster pace, catering for the acute shift in domestic market and ultimately improves the Company’s results.

2. *This A Share Offering is to cater for the rapid transformation in domestic business environment*

During the process of rapid urbanization and continuing development of the PRC economy, domestic business environment is undergoing rapid transformation, new high-density residential areas are emerging continuously, the variety of goods in the consumer market is abundant and refined continuously, making the differentiation in the consumer groups, the commodity category and the type of goods is more and more obvious, the fashion department store, specialized markets and new types of commercial centers with clear positioning and high degree of specialization have got the opportunity for rapid development. With promotion and stimulation of

robust developing internet industry, various online and offline commercial channels are making continuously the progress and innovation in technology and operating model to establish, maintain and develop their own prominent competitive advantages.

As a branded footwear and apparel enterprise directly facing the consumer market, the Company, with the proceeds from this offering, will make innovation in several aspects, including product line planning, design of new products, sales and marketing mode, so as to cater for the rapid development of business environment and marketing strategy in the market, especially increase in the size and efficiency of its own channels to quickly adapt to the rapid development of the commercial patterns and marketing modes.

(II) Relation between the projects to be invested by the proceeds raised and the existing businesses of the Company

The proceeds to be raised from this A Share Offering will not be more than RMB1,200,000,000, the Company intends to invest the following projects according to the order of priority: three projects, namely upgrading and expanding the sales channels, upgrading and developing the technology of the manufacturing lines and upgrading and establishing design and R&D center.

The details of the projects to be invested by the proceeds raised and relations with existing businesses as follows:

1. Upgrading and expanding the sales channels

After many years of development, the Company has established its marketing networks nationwide with good brand recognition, and formed a large industrial scale with good economic benefits. However, under the background of profound changes in consumer market demand and continuous emerging business models, the Company's gradually marketing model focusing on marketing and sales has been unable to meet the further development needs of the Company.

This project is intended to base on the existing marketing channels, take the future development targets as direction, and promote concurrently the marketing channel upgrading and expansion project online and offline. Firstly, with the experience of operating the existing proprietary retail outlets, combining the demand trend and channel trend in the consumer market, by opening such outlets, this project will layout the core commercial locations in key cities in seven regional area nationwide by multi-brands to expand the market share and brand awareness. At the same time, the Company will increase its investment on three major e-commerce platforms like Tmall.com, Vip.com and JD.com, expand the existing e-commerce operating equipment,

site and personnel of the Company, improve the warehouse system supporting the e-commerce channels, and facilitate further increase in influence of the e-commerce channel of the Company and its sales scale. Specifically, this project includes:

- (1) locating at the large and medium-sized department stores and shopping malls to open new footwear goods standard stores for Fuguiniao, FGN, Zubu and AnyWalk brands respectively, with those core shops in position, enhance the sales capacity of the Company in proprietary retail channels and strengthen the interactive ability with its consumers. Our partners will include intime, Wangfujing Department store, Parkson Shopping Center, Maoye Department Store, Inzone, New World Department Store etc.
- (2) opening integrated stores for creating the Company's brand image, focusing on key consumer bases, collecting all kinds of goods of the Company at the core commercial locations or key areas with vast potential in first-tier cities to enhance substantially the Company's brand image, form a demonstration effect for the regional marketing networks and promote the market recognition of the Company's garment products.
- (3) further promote the e-commerce strategy of the Company on the basis of existing e-commerce operating mechanism of the Company, increase the investment in venue, equipment and personnel required for the e-commerce, increase the marketing efforts on Tmall.com, VIP.com and JD.com platforms, improve the supporting warehouse and equipment for goods distribution and dispatching at the e-commerce channels, increase the sales capacity of the Company in the e-commerce channels, expand the market share of the Company in the e-commerce sales channels and the consumer awareness and form a more positive synergistic effect of online and offline channels.

2. *Upgrading and developing the technology of the manufacturing lines*

Currently, the Company has a production capacity of over 5,000,000 pairs of footwear/year with high technology standard and stable product quality, and is well recognized in the market. Under the background of shifting of consumer market demand into the quality and fashion, the Company is implementing the strategy of product differentiation and market segmentation, it is necessary to enter a higher level in the number of categories of new products and the product quality; the Company is focusing on the expansion of the overseas partners and customers. Therefore, the advanced level of the Company's existing production capacity is required to be further strengthened.

The Company intends to introduce domestic and foreign advanced equipment with advanced standard of mechanization and informatization, while import the RFID application system, and enhance the overall technology and management standards of its production lines. Upon such upgrading, the working efficiency and quality of the Company's production lines will be improved, it will also strengthen substantially in operational automation, management standardization, informatization technology and effectiveness visibility, thereby enhancing significantly the size and quality of the Company's existing production capacity.

3. *Upgrading and establishing the design and R&D center*

The implementation out of independent original design research and development according to the brand positioning is the key element that a brand footwear enterprise ensures its competitive advantage and core competitiveness which is most difficult by the peer companies to copy. Especially with the increasing trend of diversification, fashion and going high-end in market demand, the design, research and development capacity will determine whether a footwear enterprise can stand out in the competition, establishing a distinctive and recognized footwear brand. Currently, the Company has formed a stronger capacity in design, research and development; however, it is still not enough to meet the needs of the Company to promote the product differentiation and fashion. The Company needs urgently to increase investment in and fully upgrade the capability of the design, research and development centre in the fashion elements absorption and integration, consumer preference analysis, the human engineering research, fast designing of new products and technological development.

The Company will introduce advanced design, sampling and testing equipment and conduct deep design, research and development on the four brands of footwear products (Fuguiniao, FGN, Zubu and AnyWalk). This project can provide the Company with professional design teams with close cooperation and technical supports in the building up of the Company's brands and fully guarantee that the positioning of each brand under it and the concept of building up of the brand culture will be reflected in the ultimate style, color, materials, technologies and quality of each product in order to provide the market with product designs meeting the demands of different consumer groups and improve the market competitiveness of the product brands.

(III) The employee, technological and market reserves of the Company in the projects to be invested by the proceeds raised

1. Employee and technological reserves

The Company has sufficient employee reserves and technological reserves in the proposed projects to be invested by the proceeds raised.

For the projects of upgrading and expansion of the sales channels, the Company owns 255 proprietary retail outlets as at 31 December 2015. It has set up a new wholly-owned subsidiary called Xiamen Fuguiniao E-commerce Co., Ltd. (廈門市富貴鳥電子商務有限公司) for the management operation of its e-commerce business. It has trained and cultivated key staff for the projects, mastered the dominant management system of proprietary retail outlets and the operation system of e-commerce platforms, and also established a sophisticated operation mechanism for its proprietary retail outlets and e-commerce platforms.

For the projects of the upgrading and developing the technology of the manufacturing line technologies and the projects of the upgrading and establishing development of the design and R&D center, the Company has accumulated various outstanding design and development staff, workmanship staff and informatization management employees. For each of its brands, Fuguiniao, FGN and AnyWalk, the Company has a separate research, design and development team. Each of our footwear design teams consists of one design director, one to two chief designers, three to ten senior designers, assistant designers and other staff. As at 31 December 2015, our research, design and development team comprised 174 members, including five design directors, six chief designers and several senior designers, who possessed an approximate average of 17 years of design experience in the footwear industry. With its strong reserve of technical staff, the Company has the development capacity to introduce 1,500 branded footwear products into the market for each season. The employee and technological reserves lay a solid foundation for the project development.

Meanwhile, the human resources management system, including the human resources recruitment, employees training and the cultivation and reserve of cadres, can meet the demands for the development of the investment projects. The Company will continue to speed up in the recruitment and cultivation of excellent talents through the recruitment of teams and individuals and internal fostering based on the actual needs of the project development to consistently increase the reserve of sales, development, workmanship technologies and informatization management employees and ensure the smooth implementation of the investment projects.

2. *Market reserves*

The fund raising investment projects are directly based on market demands. The Company has reserved sufficient market resources to ensure the smooth implementation of the investment projects.

The Company has set up a huge efficient marketing network and established footwear and garment brands with relatively high popularity, reputation and recognition. The market environment of the Company is relatively mature. The Company owned a total of 2,960 retail outlets across 31 provinces, autonomous regions and municipalities in the PRC as at 31 December 2015, of which 2,705 were retail outlets operated by our distributors and third-party retailers and 255 were proprietary retail outlets.

Currently, the Company continues to engage in various marketing and promotion activities and actively participate in advertising campaigns, fashion shows and department store promotional events to increase its brand awareness. The advertising of the Company primarily focuses on online platforms to improve the popularity of its brands in young groups with strong consumption abilities. The Company organized product theme promotions in proprietary retail outlets and distribution outlets to display new products to felicitate consumers in understanding and recognizing the brands, design concepts and products of the Company.

The Company held national trade fairs in April, June, September and November for the autumn, winter, spring and summer collections of our Fuguiniao and FGN branded footwear and Fuguiniao branded leather accessories, in April and September for the autumn/winter and spring/summer collections of our AnyWalk branded footwear, and in January, April and September for autumn, winter, spring/summer collections of our Fuguiniao branded menswear. Such trade fairs can attract domestic and overseas distributors and potential partners and will facilitate the Company in speeding up in the promotion of various new products designed and produced by the Company through current distribution channels and maintaining and improving the brand influence of the Company.

IV. MEASURES TO BE ADOPTED BY THE COMPANY FOR ANY DILUTION OF IMMEDIATE RETURN ARISING OF THE A SHARE OFFERING

In order to reduce the effect on the immediate return of the Shareholders arising from the A Share Offering and increase the return on the benefits of the Shareholders, the Company proposes to compensate for any dilution of immediate return of the Shareholders as a result of the issuing by improving the results of the Company through strengthening the management of the proceeds, enhancing technological innovation, improving the operation efficiency of the Company and improving the profit distribution policies.

(I) The operation and development trend of the Company's current business segments, major risks and improvement measures

1. The operation and development trend of the Company's current business segments

The operation of the Company's current business segments in 2013 to 2015 were as follows:

Unit: RMB'000

Items	2015	2014	2013
Footwear sales	171,722.90	183,735.90	182,078.30
Menswear sales	31,458.80	48,562.30	47,350.40

The footwear and menswear sales of the Company remained stable in the past three years. The decline in the sales revenue in 2015 was caused by the decrease in the revenue from apparel sales and brand processing. The investment projects for fund raising include the projects of upgrading and expanding of the sales channels, the projects of the upgrading and developing of the technology of the manufacturing lines and the projects of the upgrading and establishing the design and R&D center. The implementation of the investment projects for fund raising will further improve the environment for the development of the Company, enhance the brand image of the Company, and strengthen the design and R&D capacity and promote the production and manufacturing capacity, which will greatly improve the overall image of the Company.

2. *Major risks faced by the Company and improvement measures*

- (1) Risks that the operating results of the Company rely heavily on distributors

The products of the Company are sold to consumers mainly through its distributors, retailers and proprietary outlets. The Company owned a total of 2,960 retail outlets across 31 provinces, autonomous regions and municipalities in the PRC as at 31 December 2015, of which 2,705 were retail outlets operated by our distributors and third-party retailers and 255 were proprietary retail outlets. The Company recorded business revenue of RMB1,605,926,000, RMB1,594,589,000 and RMB1,409,704,000, respectively through its distributors and retailers, accounting for 70.0%, 68.6% and 69.4% of its total business revenue for the years 2013, 2014 and 2015. Our distributors have been expanding their distribution network mainly by authorising third-party retailers to open and operate retail outlets in their respective distribution areas. The sales volume of each distributor and third-party retailer as well as each retail outlet may fluctuate. The number of retail outlets of our distributors and third-party retailers for the distribution of our products may also change from time to time. It may intensify the fluctuation in our operating results and bring difficulties in our production planning. In addition, the Company relies on a small number of distributors in selling our products. If the Company fails to renew distribution agreements with major distributors or they breach such distribution agreements, it may have significant adverse effects on the operating results of the Company. The Company has limited ability in monitoring the performance of the distributors and third-party retailers as well as the quality of services provided by the sales staff of retail outlets, which may affect the long-term development of the Company.

In order to address the issue of heavy reliance on distributors, the Company, on one hand, makes planning on the layout of distributors and conducts routine management, strengthens the ability on monitoring distributors, improving the coordinated management of distributors and reduce the operation cost. On the other hand, the Company will strengthen the channel development, moderately increase the number of proprietary outlets, enhance the development of e-commerce channels and take full advantage of online sales channels to reduce the dependence on distributors and the uncertainties in sales.

- (2) Risks that the Company cannot predict and respond to Chinese consumers' preference and fashion trends in a timely manner

The Company operates in the apparel, footwear and head wear industry, where the taste and preference of consumers and the fashion trend are changing and difficult to predict. The success of the products and the popularity of the Company depend on the ability of the Company to predict, identify and respond to the changes in the taste and preference of consumers and the design and marketing of attractive products based thereon. Therefore, design and development play an essential role in the success and competitiveness of the Company. The Company relies on the vertical integration of its business models in identifying and predicting the market changes and depends on the excellent design and development capacity of the Company to quickly adjust the product varieties. If the Company misjudges the fashion trend and the preference of consumers or fails to predict or meet the relatively high requirements of consumers on the design and quality, the sales volume and operating profits may decrease. Similarly, if the Company fails to be aware of or underestimates any expected growth in the consumers' demands for the products of the Company, it may miss the sales opportunities, which may further have adverse effects on the reputation, corporate image and the profitability of the Company.

In order to predict and respond to the changes in preference of Chinese consumer and the fashion trends in a timely manner, the Company will further strengthen the assumption on vertical integration of business models and enhance the design and development capacity of the Company.

(II) Enhance daily operating efficiency and reduce operating cost of the Company in order to improve the results of operation

In order to ensure that the proceeds will be used efficiently, avoid the risk of dilution of immediate return for Shareholders and improve the ability to yield consistent return, the Company proposes to reduce the impact of the dilution of immediate return of the Shareholders after the completion of the A Share Offering through the following methods:

1. *Speed up in the implementation of investment projects and strengthen the management of the proceeds*

After the proceeds of the offering become available, the Company will open a special account for the proceeds and sign a tripartite regulation agreement with the opening bank and the sponsor. It will conduct the approval and review on the use of the proceeds strictly in accordance with

relevant systems of the Company in order to guarantee the security and effective use of the proceeds from the offering. Meanwhile, the Company will ensure the progress of the development of the investment projects, accelerate in promoting the implementation of investment projects and strive to put the investment projects into production and achieve expected performance as soon as possible and guarantee the implementation results of the investment projects.

2. *Expand the business size and increase R&D inputs*

On the basis of solidifying the current market and customers, the Company will further strengthen the market expansion and promotion of the current products and businesses, increasingly expand the operation scale of its main businesses and expand the growth of revenue in order to consolidate and improve the market position of the Company and achieve the growth of the business revenue of the Company.

Meanwhile, the Company will continue to increase the input in human resources and capital in R&D on the basis of the current R&D and design capability in order to improve the ability of the Company in technological innovation, enhance the scientific research strength in the development of new products, production technologies and the improvement in equipment automation and further improve the quality and competitiveness of its products.

3. *Improve the daily operation efficiency and reduce operation cost of the Company*

The Company will strengthen the operation management and governance of the enterprise, its distributors, retailers and proprietary outlets, enhance internal control, reduce operation cost of the Company and improve the capital structure to further improve the efficiency in the use of funds.

V. UNDERTAKINGS MADE BY RELEVANT PARTIES

(I) Undertakings made by Directors and senior management

The Directors and the senior management shall carry out their responsibilities faithfully and diligently, and uphold the legal interests of all Shareholders of the Company. They shall advance the performance of the remedial measures in a practical manner in accordance with relevant regulations of the CSRC and undertake as follows:

1. I undertake not to transfer benefits to other units or individuals of a gratuitous nature or under unfair conditions, nor will I adopt other means to prejudice the Company's interests;

2. I undertake to restrain my job-related consumption;
3. I undertake not to use the Company's assets to make any investment or participate in any consumption activities that are not related to my duty;
4. I undertake to link the remuneration system formulated by the Board or the remuneration committee to the implementation of the remedial measures;
5. I undertake to link the proposed exercising conditions of stock incentive to the implementation of the remedial measures (if any).

As a party responsible for the remedial measures for the dilution of immediate return, I agree that, if there is a breach of such undertakings or rejection to perform, the CSRC, the stock exchanges and other relevant securities regulatory authorities may impose penalties or administrative measures on me.

(II) Undertakings made by the controlling Shareholder and actual controllers

The controlling Shareholder and the actual controllers undertake to strictly implement the remedial measures in accordance with the relevant requirements of the CSRC as follows:

1. The Company/I will not transfer benefits to other units or individuals of a gratuitous nature or under unfair conditions, nor will I adopt other means to prejudice the Company's interests;
2. The Company/I will not interfere with the operating and managing activities and will not misappropriate the benefit of the Company.

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

The price stabilization measures for A Shares are implemented in the following order: increase in holding of Shares by controlling Shareholder and actual controllers; increase in holding of Shares by Directors and senior management; repurchase of Shares by the Company if controlling Shareholder, actual controllers, Directors and senior management fail to stabilize the Share price.

I. INCREASE IN HOLDING OF SHARES BY CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

The Company intends to make an initial public offering of A Shares, and in order to protect the interests of Shareholders, boost investors' confidence and stabilize the Share price, the controlling Shareholder and actual controllers of the Company have undertaken that within three years from the A Share Offering, if closing prices of the A Shares of the Company for 20 consecutive trading days (except for those trading days on which the prices shall be calculated on ex-rights basis as required by the Shanghai Stock Exchange due to the reasons of distribution of cash dividend, bonus issue, increase in share capital by capitalization of reserves, issuance of new Shares, etc., the same applies below) are lower than the net asset value per Share of the Company for the latest accounting year (the net asset value per Share = total equity attributable to the ordinary Shareholders of the parent in combined financial statements \div total number of Shares of the Company at the end of the year, the same applies below) (hereinafter referred to as the "Preconditions for Share Price Stabilization Measures"), controlling Shareholder and actual controllers will implement the share price stabilization measures in accordance with laws, regulations and the requirements under the Articles of Association of the Company, with details as follows:

1. Subject to the conditions and requirement under the laws and regulations, including Management Methods on Acquisitions by Listed Companies, the controlling Shareholder and actual controllers shall increase holding of Shares of the Company but in any event the shareholding of the Company shall not violate the requirements for listing.
2. In addition to satisfying the requirements under relevant laws and regulations, increase in holding of Shares by controlling Shareholder and actual controllers for the purpose of stabilizing share price shall also be subject to the followings:
 - (1) the amount used for increase in holding of Shares by controlling Shareholder and actual controllers on one single occasion shall not be lower than 20% of the cumulative amount of cash dividend obtained from the Company since listing.

- (2) the amount used for increase in holding of Shares by controlling Shareholder and actual controllers within one year shall not exceed 100% of the cumulative amount of cash dividend obtained from the Company since listing.
 - (3) Price of increase in holding of Shares: the price of increase in holding of Shares shall not exceed the net asset value per Share.
 - (4) Methods of increase in holding of Shares: centralized tender transaction, offer for Shares or other methods authorized by the securities regulatory authorities.
3. After the Board announces the plan of increase in holding of Shares by controlling Shareholder and actual controllers, if the closing prices of Shares are higher than the net asset value per Share for 5 consecutive trading days, controlling Shareholder and actual controllers could make decision to stop increase in holding of Shares.

II. INCREASE IN HOLDING OF SHARES BY DIRECTORS AND SENIOR MANAGEMENT

The Company intends to make an initial public offering of A Shares for listing, and in order to protect the interests of Shareholders, boost investors' confidence and stabilize the Share price, the Directors (excluding independent Directors, the same applies below) and senior management have undertaken that within three years from the official listing date of the A Shares of the Company, if closing prices of the A Shares of the Company are lower than the net asset value per Share of the Company for the latest accounting year (the net asset value per Shares = total equity attributable to the ordinary Shareholders of the parent in combined financial statements ÷ total number of Shares of the Company at the end of the year, the same applies below) (hereinafter referred to as the "Conditions of Starting Share Price Stabilization Measures") for 20 consecutive trading days (except for those trading days on which the prices shall be calculated on ex-rights basis as required by Shanghai Stock Exchange due to the reasons of distribution of cash dividend, bonus issue, increase in Share capital by capitalization of reserves, issuance of new Shares, etc., the same applies below), controlling Shareholder and actual controllers will implement the following measures:

1. Subject to the conditions and requirements under the laws and regulations including Management Methods on Acquisitions by Listed Companies and Administrative Rules for the Shareholdings and Changes of Shares Held by Directors, Supervisors and Senior Management of Listed Companies, the Directors and senior management who are under employment of the Company and receiving remuneration and compensation shall increase holdings of Shares of the Company but in any event the shareholding of the Company shall not violate the requirements for listing.

2. The Directors and senior management of the Company undertake that the monetary funds used for increase in holding of Shares of the Company shall not be less than 20% of the total remuneration and compensation received by the Directors and senior management for the latest year and the price for the increased holding of Shares shall not exceed the net asset value per Share.
3. Prior to the appointment of new Directors and senior management by the Company in future, the Company will require them to sign a letter of undertaking, guaranteeing that the corresponding undertaking given by the Directors and senior management upon the A Share Offering will be observed.
4. After the Board announces the plan for increase in holding of Shares by Directors and senior management, if the closing prices of Shares are higher than the net asset value per Share for 5 consecutive trading days, the Directors and senior management could make decision to stop increasing the holding of Shares.

Directors and senior management will adopt corresponding Share price stabilization measures if the Preconditions for Share Price Stabilization Measures have been met upon the listing of the Company, failing which the Directors and senior management will explain the reasons and apologize to Shareholders and the public at general meetings, make an announcement on newspapers designated by CSRC and cease to receive remuneration or allowance and Shareholders' bonus from the Company within five working days upon the occurrence of above matter. Until the implementation and completion of corresponding share price stabilization, the Directors and senior management shall not transfer the shares of the Company held by them.

III. REPURCHASE OF SHARES BY THE COMPANY

Within three years from the official listing of the A Shares of the Company, if closing prices of the A Shares of the Company for 20 consecutive trading days are lower than the net asset value per Share of the Company for the latest accounting year, the Company shall convene a Board meeting within five trading days and issue a notice of general meeting and Shareholder's class meeting within 10 trading days to consider the plan of price stabilization and to determine and confirm the implementation period of the plan of price stabilization, and such measures shall be commenced within 10 trading days after the same is approved at the general meeting. Details of the plan are set out below:

1. Repurchase of Shares by the Company for the purpose of stabilizing Share price shall be subject to the requirements under relevant laws and regulations, including Administrative Measures for the Repurchase of Public Shares by Listed Companies (Trial Implementation) and Supplementary Regulations for the Repurchase of Shares by Listed Companies Using Centralized Tender Transaction Method, but in any event the shareholding of the Company shall not violate the requirements for listing.

2. The resolution regarding the repurchase of Shares at the general meeting shall be passed by the Shareholders attending the meeting and holding more than 2/3 of the voting rights and also passed in the Shareholders' class meeting.
3. In addition to satisfying the requirements under relevant laws and regulations, repurchase of Shares by the Company for the purpose of stabilizing Share price shall also be subject to the followings:
 - (1) the total used for repurchase of Shares within an accounting year shall not exceed 80% of the audited net profits of the Company for the latest accounting year. If such amount has been exceeded, the Company would no longer implement price stabilization measures for the rest of the year. However, if there exists a circumstance which triggers Share price stabilization measures in the following year, the Company will implement Share price stabilization plan in accordance with the above principles. In the event that the audited net profits of the Company are lower than RMB10 million for the latest accounting year, maximum amount for the Company used to repurchase Shares on a single occasion shall be 80% of the net profits for that year. In the event that the audited net profits of the Company are higher than or equal to RMB10 million for the latest accounting year, maximum amount for the Company used to repurchase Shares on a single occasion shall not be less than RMB8 million.
 - (2) Repurchase price: the repurchase price shall not exceed the net asset value per Share.
 - (3) Methods of repurchase of Shares: centralized tender transaction method, offer for Shares or other methods authorized by the securities regulatory authorities.
4. After the Board announces the plan of repurchase of Shares, if the closing prices of Shares are higher than the net asset value per Share for five consecutive trading days, the Board could make decision to stop the repurchase of Shares.

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

After adding new articles, the numbering of the articles will be re-numbered accordingly.

Current Articles	Amended Articles
Chapter 1 General Provisions	Chapter 1 General Provisions
<p>Article 1 Fuguiniao Co., Ltd. (hereinafter referred to as the “Company”) is a joint stock company with limited liability established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other laws and administrative regulations in China. The Articles of Association are formulated in accordance with the Company Law, the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (hereinafter referred to as the “Special Provisions”) and other laws and administrative regulations in China.</p> <p>Shishi Fuguiniao Footwear Development Co., Ltd. was established on 20 November 1995 and its name was changed to Fuguiniao (China) Co., Ltd. on 21 July 2011. On 29 June 2012, it was converted to a joint stock company, with its original shareholders as the promoters of the joint stock company, namely, Fuguiniao Group Co., Ltd. (富貴鳥集團有限公司), Hexing (China) Trade Co., Ltd. (和興(中國)貿易有限公司), Xiamen Wencai Equity Investment Partnership (limited partnership) (廈門市韞財股權投資合夥企業(有限合夥)), Shanghai Leading Investment and Management Co., Ltd. (上海力鼎投資管理有限公司), Shanghai Bridge Leading Fortune Equity Investment Centre (limited partnership) (上海百瑞力鼎創富股權投資中心(有限合夥)), Shanghai Leading Fortune Growth Investment Centre (limited partnership) (上海力鼎財富成長創業投資中心(有限合夥)), Suqian Zhongshan Tianrui Leading Venture Capital Investment Centre (limited partnership) (宿遷鐘山天瑞力鼎創業投資中心(有限合夥)), Suqian Zhongshan Tianrui Leading Venture Capital Investment Centre (limited partnership) (宿遷鐘山天瑞力鼎創業投資中心(有限合夥)), Suzhou Junding Equity Investment Partnership (limited partnership) (蘇州君鼎股權投資合夥企業(有限合夥)), Beijing Century Tianfu Venture Capital Investment Centre (limited partnership) (北京世紀天富創業投資中心(有限合夥)) and Century Fortune Investment Co., Ltd. (世紀財富投資有限公司).</p>	<p>Article 1 Fuguiniao Co., Ltd. (hereinafter referred to as the “Company”) is a joint stock company with limited liability established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other laws and administrative regulations in China. The Articles of Association are formulated in accordance with the Company Law, the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (hereinafter referred to as the “Special Provisions”), <u>the Guidelines for the Articles of Association of Listed Companies (as amended in 2014) (the “Guidelines for the Articles of Association”)</u> and other laws and administrative regulations in China.</p> <p>Article 2 Shishi Fuguiniao Footwear Development Co., Ltd. was established on 20 November 1995 and its name was changed to Fuguiniao (China) Co., Ltd. on 21 July 2011. On 29 June 2012, it was converted to a joint stock company, with its original shareholders as the <u>As approved by the Provincial Department of Foreign Trade and Economic Cooperation under the Approval for the Conversion from Fuguiniao (China) Co., Ltd. to Fuguiniao Co., Ltd. (《關於同意富貴鳥(中國)有限公司改制為富貴鳥股份有限公司的批覆》), on 29 June 2012, it was established by way of promotion and registered with the Administration for Industry & Commerce of Fujian on 29 June 2012 and obtained the business license for corporate legal person (the current business license registration no.: 91350000611570926K).</u> The promoters of the joint stock company was, namely, Fuguiniao Group Co., Ltd. (富貴鳥集團有限公司), Hexing (China) Trade Co., Ltd. (和興(中國)貿易有限公司), Xiamen Wencai Equity Investment Partnership (limited partnership) (廈門市韞財股權投資合夥企業(有限合夥)), Shanghai Leading Investment and Management Co., Ltd. (上海力鼎投資管理有限公司), Shanghai Bridge Leading Fortune Equity Investment Centre (limited partnership) (上海百瑞力鼎創富股權投資中心(有限合夥)), Shanghai Leading Fortune Growth Investment</p>

Current Articles	Amended Articles
	Centre (limited partnership) (上海力鼎財富成長創業投資中心(有限合夥)), Suqian Zhongshan Tianrui Leading Venture Capital Investment Centre (limited partnership) (宿遷鐘山天瑞力鼎創業投資中心(有限合夥)), Suqian Zhongshan Tianrui Leading Venture Capital Investment Centre (limited partnership) (宿遷鐘山天瑞力鼎創業投資中心(有限合夥)), Suzhou Junding Equity Investment Partnership (limited partnership) (蘇州君鼎股權投合夥企業(有限合夥)), Beijing Century Tianfu Venture Capital Investment Centre (limited partnership) (北京世紀天富創業投資中心(有限合夥)) and Century Fortune Investment Co., Ltd. (世紀財富投資有限公司).
New Article	<u>Article 3</u> With the approval of the China Securities Regulatory Commission (the “CSRC”) dated 20 November 2013 for the Company to issue 134,909,200 overseas-listed foreign shares (including the portion under the over-allotment option) to the public for the first time, the shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 20 December 2013.
Article 25 The registered capital of the Company shall be RMB1,337,273,000.	Article 25-6 The registered capital of the Company shall be RMB1,337,273,000.
Article 7 The Articles of Association shall not be effective without the approval by special resolution of shareholders at the Shareholders’ Meeting and the approval of the relevant competent authorities, if necessary, in accordance with the applicable laws and regulations of China.	Article 107 <u>The Articles of Association shall not be effective without the approval by special resolution of shareholders at the Shareholders’ Meeting and the approval of the relevant competent authorities, if necessary, in accordance with the applicable laws and regulations of China.</u>
New Article	Article 13 <u>The other senior management herein refers to the deputy general manager, secretary to the Board, chief financial officer and other senior management officers appointed by the Board.</u>
Article 10 The Company may invest in other companies with limited liability or joint stock companies with limited liability, and shall be liable to the investee companies to the extent of its capital contribution.	Article 10-14 The Company may invest in other companies with limited liability or joint stock companies with limited liability, and shall be liable to the investee companies to the extent of its capital contribution. <u>However, unless otherwise provided by laws and administrative regulations, the Company shall not become an investor that is jointly and severally liable for the liabilities owed by the invested company.</u>

Current Articles	Amended Articles
Chapter 2 Business Objectives and Scope of Business	Chapter 2 Business Objectives and Scope of Business
<p>Article 14 Scope of business: manufacturing of leather shoes, leather belts, leather bags and other leather products; manufacturing of apparel and accessories and knitwear; sale of self-manufactured products; and research and development of footwear and apparel.</p>	<p>Article 1418 <u>The scope of business of the Company shall be in accordance with the items approved by the company registry.</u></p> <p>Scope of business: manufacturing of leather shoes, leather belts, leather bags and other leather products; manufacturing of apparel and accessories and knitwear; sale of self-manufactured products; and research and development of footwear and apparel.</p>
Chapter 3 Shares and Registered Capital	Chapter 3 Shares and Registered Capital
<p>Article 16 The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs upon approval by the vetting department authorized by the State Council.</p>	<p>Article 1620 <u>The Company shares shall be in the form of share certificates.</u> The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs upon approval by the vetting department authorized by the State Council.</p>
<p>Article 17 Shares issued by the Company all have a par value, of RMB1 per share (Unless otherwise specified, all amounts in the Articles of Association are stated in Renminbi).</p>	<p>Article 1721 Shares issued by the Company all have a par value, of RMB1 per share (Unless otherwise specified, all amounts in the Articles of Association are stated in Renminbi).</p> <p><u>Issuing of the Company shares shall adopt an open, fair and just principle. Shares of the same type shall have equal rights.</u></p> <p><u>During the issuance of the same type of shares, each share shall have the same conditions of issuance and price. Any such share subscribed by any unit or individual shall charge the same price.</u></p>
<p>Article 19 Domestic shares refer to the shares denominated in Renminbi issued by the Company to domestic investors. Foreign shares refer to the shares denominated in foreign currencies issued by the Company to overseas investors and the shares held by foreign investors which were transferred from domestic shareholders. Among the foreign shares, those listed overseas are referred to as overseas listed foreign shares (of which those listed in Hong Kong can be referred to as H shares), and those unlisted overseas are referred to as non-listed foreign shares.</p> <p>Unless otherwise specified in the Articles of Association, holders of domestic shares and foreign shares are both holders of ordinary shares and shall have the same rights and obligations.</p>	<p>Article 19-23 Domestic shares refer to the shares denominated in Renminbi issued by the Company to domestic investors. Foreign shares refer to the shares denominated in foreign currencies issued by the Company to overseas investors and the shares held by foreign investors which were transferred from domestic shareholders. Among the foreign shares, those listed overseas are referred to as overseas listed foreign shares (of which those listed in Hong Kong can be referred to as H shares); and those unlisted overseas are referred to as non-listed foreign shares.</p> <p>Unless otherwise specified in the Articles of Association, holders of domestic shares and foreign shares are both holders of ordinary shares and shall have the same rights and obligations.</p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>Article 21 With the approval (Document No.: Zheng Jian Xu Ke [2013]1458) of the China Securities Regulatory Commission dated 20 November 2013 for the Company to issue overseas-listed foreign shares, i.e., H shares, as well as the approval from The Stock Exchange of Hong Kong Limited, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 20 December 2013. Upon completion of the abovementioned issuance of H shares in the aggregate number of 134,909,200 (including 1,569,200 H shares issued upon partial exercise of the over-allotment option), the number of total issued ordinary shares of the Company shall be 534,909,200, comprising of 48,800,000 domestic shares and 486,109,200 H shares.</p>	<p>Article 21–25 With the approval (Document No.: Zheng Jian Xu Ke [2013]1458) of the China Securities Regulatory Commission dated 20 November 2013 for the Company to issue overseas-listed foreign shares, i.e., H shares, as well as the approval from The Stock Exchange of Hong Kong Limited, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 20 December 2013. Upon completion of the abovementioned issuance of H shares in the aggregate number of 134,909,200 (including 1,569,200 H shares issued upon partial exercise of the over-allotment option), the number of total issued ordinary shares of the Company shall be 534,909,200, comprising of 48,800,000 domestic shares and 486,109,200 H shares.</p> <p><u>The holders of domestic shares of the Company and the holders of overseas-listed foreign shares of the Company shall be deemed shareholders of different classes. As approved by the China Securities Regulatory Commission and subject to compliance with the requirements of the relevant overseas stock exchange, the domestic shares of the Company may be converted into H shares. The listing or trading of shares after conversion on the overseas stock exchange shall also be subject to the regulatory procedures, rules and regulations of the overseas stock exchange.</u></p>
<p>Article 22 Upon completion of the Bonus Issue and the acquisitions of Domestic Shares by Fujian Province Fuguiniao Equity Investments and Management Co., Ltd. (福建省富貴島股權投資管理有限公司) and Fujian Province Fuguiniao Commerce Consulting Co., Ltd. (福建省富貴島商務諮詢有限公司), the shareholding structure of the Company was as follow:</p> <ol style="list-style-type: none"> 1. Fuguiniao Group Co., Ltd. (富貴島集團有限公司), 829,382,000 Shares, 62.02%; 2. Wo Hing (China) Trading Limited (和興(中國)貿易有限公司), 50,000,000 Shares, 3.74%; 3. Xiamen Wencai Equity Investment Partnership (limited partnership) (廈門市韞財股權投資合夥企業(有限合夥)), 30,000,000 Shares, 2.24%; 4. Fujian Province Fuguiniao Equity Investments and Management Co., Ltd. (福建省富貴島股權投資管理有限公司), 29,000,000 Shares, 2.17%; 5. Fujian Province Fuguiniao Commerce Consulting Co., Ltd. (福建省富貴島商務諮詢有限公司), 63,000,000 Shares, 4.71%; 6. Public holders of H Shares, 335,891,000 Shares, 25.12%; Total: 1,337,273,000 Shares, 100.00%. 	<p>Article 22–26 Upon completion of the Bonus Issue and the acquisitions of Domestic Shares by Fujian Province Fuguiniao Equity Investments and Management Co., Ltd. (福建省富貴島股權投資管理有限公司) and Fujian Province Fuguiniao Commerce Consulting Co., Ltd. (福建省富貴島商務諮詢有限公司), the shareholding structure of the Company was as follow:</p> <ol style="list-style-type: none"> 1. Fuguiniao Group Co., Ltd. (富貴島集團有限公司), 829,382,000 Shares, 62.02%; 2. Wo Hing (China) Trading Limited (和興(中國)貿易有限公司), 50,000,000 Shares, 3.74%; 3. Xiamen Wencai Equity Investment Partnership (limited partnership) (廈門市韞財股權投資合夥企業(有限合夥)), 30,000,000 Shares, 2.24%; 4. Fujian Province Fuguiniao Equity Investments and Management Co., Ltd. (福建省富貴島股權投資管理有限公司), 29,000,000 Shares, 2.17%; 5. Fujian Province Fuguiniao Commerce Consulting Co., Ltd. (福建省富貴島商務諮詢有限公司), 63,000,000 Shares, 4.71%; 6. Public holders of H Shares, 335,891,000 Shares, 25.12%; Total: 1,337,273,000 Shares, 100.00%.

Current Articles	Amended Articles
	<p>Upon completion of the transfer from Fuguiniao Group Co., Ltd. (富貴鳥集團有限公司) to Gain Star Trading Limited and Fuguiniao Holding Limited, the shareholding structure of the Company was as follows:</p> <ol style="list-style-type: none"> 1. <u>Fuguiniao Group Co., Ltd. (富貴鳥集團有限公司), 546,484,000 Shares, 40.87%;</u> 2. <u>Fuguiniao Holding Limited, 240,500,000 Shares, 17.98%;</u> 3. <u>Fujian Fuguiniao Business Consulting Co., Ltd. (福建省富貴鳥商務諮詢有限公司), 63,000,000 Shares, 4.71%;</u> 4. <u>Gain Star Trading Limited, 62,500,000 Shares, 4.67%;</u> 5. <u>Xiamen Wencai Equity Investment Partnership (limited partnership) (廈門市韞財股權投資合夥企業(有限合夥)), 30,000,000 Shares, 2.24%;</u> 6. <u>Fujian Fuguiniao Equity Investment Management Co., Ltd. (福建省富貴鳥股權投資管理有限公司), 29,000,000 Shares, 2.17%;</u> 7. <u>Wo Hing (China) Trading Limited (和興(中國)貿易有限公司), 20,000,000 Shares, 1.50%; Public holders of H Shares, 345,789,000 Shares, 25.86%; Total: 1,337,273,000 Shares, 100.00%.</u>
<p>Article 23 Subject to the approval of the plans of the Company to issue overseas listed foreign shares and domestic shares by the China Securities Regulatory Commission and by shareholders at a Shareholders' Meeting, the Board of Directors of the Company may arrange for a separate issuance of such shares. The Company may implement the plan of issuing overseas listed foreign shares and domestic shares separately within 15 months since it is approved by the China Securities Regulatory Commission.</p> <p>With the approval of the securities regulatory body of the State Council, holders of non-listed shares of the Company may have their shares listed and dealt in overseas. The listing and dealing in of such shares on overseas stock exchanges shall comply with the regulatory procedures, rules and requirements of overseas stock exchanges. No class shareholder meeting is required to be held to approve the listing and dealing in of such shares on overseas stock exchanges.</p>	<p>Article 23-27 Subject to the approval of the plans of the Company to issue overseas listed foreign shares and domestic shares by the China Securities Regulatory Commission and by shareholders at a Shareholders' Meeting, the Board of Directors of the Company may arrange for a separate issuance of such shares. The Company may implement the plan of issuing overseas listed foreign shares and domestic shares separately within 15 months since it is approved by the China Securities Regulatory Commission.</p> <p>With the approval of the securities regulatory body of the State Council, holders of non-listed shares of the Company may have their shares listed and dealt in overseas. The listing and dealing in of such shares on overseas stock exchanges shall comply with the regulatory procedures, rules and requirements of overseas stock exchanges. No class shareholder meeting is required to be held to approve the listing and dealing in of such shares on overseas stock exchanges.</p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>Article 26 The Company may increase its capital according to its business operation and development needs. The Company may increase its capital through the following:</p> <ol style="list-style-type: none"> (1) issue of shares to the public; (2) private placement of shares to the public; (3) issue of bonus shares or placement of new shares to existing shareholders; (4) increase share capital by conversion of reserves; (5) other ways permitted in accordance with laws and administrative regulations and approved by the China Securities Regulatory Commission. <p>The Company's increase of capital by way of issuing new shares shall be in accordance with the laws and administrative regulations of China and with the approval according to the procedures as required by the Articles of Association.</p>	<p>Article 26-29 The Company may increase its capital according to its business operation and development needs. The Company may increase its capital through the following:</p> <ol style="list-style-type: none"> (1) issue of shares to the public; (2) private placement of shares to the public; (3) issue of bonus shares or placement of new shares to existing shareholders; (4) increase share capital by conversion of reserves; <u>(5) issuance of convertible corporate bonds;</u> (5)<u>(6)</u> other ways permitted in accordance with laws and administrative regulations and approved by the China Securities Regulatory Commission. <p>The Company's increase of capital by way of issuing new shares shall be in accordance with the laws and administrative regulations of China and with the approval according to the procedures as required by the Articles of Association.</p>
<p>Article 27 The Company may dispose of the shares of any untraceable shareholder and retain the proceeds, if:</p> <p>during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and</p> <p>upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an announcement published in the newspapers, and notifies the China Securities Regulatory Commission and the relevant overseas securities regulatory authorities of the place where the Company's shares are listed.</p>	<p>Article 27 The Company may dispose of the shares of any untraceable shareholder and retain the proceeds, if:</p> <p>during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and</p> <p>upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an announcement published in the newspapers, and notifies the China Securities Regulatory Commission and the relevant overseas securities regulatory authorities of the place where the Company's shares are listed.</p>
<p>Article 28 Unless the laws and regulations specify otherwise, the Company's shares can be transferred freely without any encumbrance.</p>	<p>Article 28 Unless the laws and regulations specify otherwise, the Company's shares can be transferred freely without any encumbrance.</p>
<p>Chapter 4 Capital Reduction and Repurchase of Shares</p>	<p>Chapter 4 Capital Reduction and Repurchase of Shares</p>
<p>Article 29 The Company may reduce its registered capital according to the Articles of Association.</p>	<p>Article 29<u>30</u> The Company may reduce its registered capital according to the Articles of Association. <u>If the Company wishes to decrease its registered capital, it shall proceed in accordance with The Company Law, related regulations and the procedures provided in the Articles of the Company.</u></p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>Article 31 The Company may repurchase its shares upon the approval by relevant competent authorities of China and according to the procedures set forth in the Articles of Association under the circumstances below:</p> <ol style="list-style-type: none"> (1) cancellation of shares for the purpose of reducing its capital; (2) merging with other companies that hold shares in the Company; (3) awarding shares to the employees of the Company; (4) shareholders objecting to resolutions of the general meeting of shareholders concerning merger or division of the Company, requiring the Company to buy their shares. <p>Repurchase of the Company's shares for reasons set out in Clauses (1) to (3) of this Article shall be subject to resolution at a general meeting of shareholders. After the Company has repurchased its shares in accordance with Clause (1) of this Article, such shares shall be cancelled within 10 days after repurchase, or shall be transferred or cancelled within 6 months in the circumstances set out in Clauses (2) and (4).</p> <p>Shares repurchased by the Company in accordance with Clause (3) of this Article shall not exceed 5% of the total shares issued by the Company; the repurchase cost shall be covered by the after-tax profit of the Company; and the shares repurchased shall be transferred to employees within one year.</p>	<p>Article 31–32 The Company may repurchase its shares upon the approval by relevant competent authorities of China and according to the procedures set forth in the Articles of Association under the circumstances below:</p> <ol style="list-style-type: none"> (1) cancellation of shares for the purpose of reducing its capital; (2) merging with other companies that hold shares in the Company; (3) awarding shares to the employees of the Company; (4) shareholders objecting to resolutions of the general meeting of shareholders concerning merger or division of the Company, requiring the Company to buy their shares. <p><u>Except the above circumstances, the Company shall not buy or sell its own shares.</u></p> <p>Repurchase of the Company's shares for reasons set out in Clauses (1) to (3) of this Article shall be subject to resolution at a general meeting of shareholders. After the Company has repurchased its shares in accordance with Clause (1) of this Article, such shares shall be cancelled within 10 days after repurchase, or shall be transferred or cancelled within 6 months in the circumstances set out in Clauses (2) and (4).</p> <p>Shares repurchased by the Company in accordance with Clause (3) of this Article shall not exceed 5% of the total shares issued by the Company; the repurchase cost shall be covered by the after-tax profit of the Company; and the shares repurchased shall be transferred to employees within one year.</p>
<p>Article 32 As approved by relevant authorities, the Company may repurchase its shares by the following means:</p> <ol style="list-style-type: none"> (1) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis; (2) by open dealing on a stock exchange; (3) by an off-market agreement outside of the stock exchange. 	<p>Article 32–33 As approved by relevant authorities, the Company may repurchase its shares by the following means:</p> <ol style="list-style-type: none"> (1) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis; (2) by open dealing on a stock exchange; (3) by an off-market agreement outside of the stock exchange; (4) <u>such other means as approved by the securities regulatory authorities.</u>
<p>Article 34 After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares in accordance with laws and administrative regulations, and shall apply to the Administration for Industry and Commerce of Fujian Province for change in registered capital or shareholding and make announcement accordingly. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.</p>	<p>Article 34–35 After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares in accordance with laws and administrative regulations, and shall apply to the Administration for Industry and Commerce of Fujian Province for change in registered capital or shareholding and make announcement accordingly. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital, <u>except the shares repurchase in accordance with Article 32(3).</u></p>

Current Articles	Amended Articles
<p>Article 35 Unless the Company is undergoing liquidation, it shall repurchase its outstanding shares pursuant to the rules below:</p> <p>(1) where the Company repurchases shares at par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose;</p> <p>(2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion in excess of par value shall be effected as follows:</p> <p>(i) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits;</p> <p>(ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased or the balance of the Company's capital reserve account (including the premiums on the new issue) at the time of such repurchase.</p> <p>(3) The Company shall make payments with its distributable profits for the following expenses:</p> <p>(i) for acquisitions of rights to repurchase its own shares;</p> <p>(ii) for the variation of any contract for the repurchase of its shares;</p> <p>(iii) for release from its obligations under any repurchase contract;</p> <p>(4) After the total par value of the shares that are cancelled is deducted from the Company's registered capital, the amount equal to the par value of its shares deducted from its distributable profits shall go to the Company's capital reserve account.</p>	<p>Article 35-36 Unless the Company is undergoing liquidation, it shall repurchase its outstanding shares pursuant to the rules below:</p> <p>(1) where the Company repurchases shares at par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose;</p> <p>(2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion in excess of par value shall be effected as follows:</p> <p>(i) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits;</p> <p>(ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased or the balance of the Company's capital reserve account (including the premiums on the new issue) at the time of such repurchase.</p> <p>(3) The Company shall make payments with its distributable profits for the following expenses:</p> <p>(i) for acquisitions of rights to repurchase its own shares;</p> <p>(ii) for the variation of any contract for the repurchase of its shares;</p> <p>(iii) for release from its obligations under any repurchase contract;</p> <p>(4) After the total par value of the shares that are cancelled is deducted from the Company's registered capital, the amount equal to the par value of its shares deducted from its distributable profits shall go to the Company's capital reserve account.</p> <p>(5) <u>where the Company shall have the right to buy back redeemable shares:</u></p> <p>(i) <u>if the buy-back is not through market or invitation to bid, the buy-back price must be restrained to some highest price; and</u></p> <p>(ii) <u>if it is by means of public bidding, the relevant invitation to bid must be equally offered to all shareholders.</u></p>

Current Articles	Amended Articles
Chapter 5 Financial Assistance for the Purchase of the Company's Shares	Chapter 5 Financial Assistance for the Purchase of the Company's Shares
<p>Article 36 The Company or its subsidiaries shall not offer any financial assistance to anyone who is acquiring or is proposing to acquire shares of the Company by any means at any time. The said purchaser of shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares.</p> <p>The Company and its subsidiaries shall not, by any means at any time, provide any financial assistance to the said purchaser as referred to above for the purpose of limiting or discharging the obligations assumed by that person. This Article shall not be applicable to the circumstances described in Article 37.</p>	<p>Article 3637 The Company or its subsidiaries shall not offer any financial assistance to anyone who is acquiring or is proposing to acquire shares of the Company by any means at any time. The said purchaser of shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares.</p> <p>The Company and its subsidiaries shall not, by any means at any time, provide any financial assistance to the said purchaser as referred to above for the purpose of limiting or discharging the obligations assumed by that person. This Article shall not be applicable to the circumstances described in Article 3739.</p>
<p>Article 38 The following cases shall be exempted from Article 35 of this Chapter:</p> <ol style="list-style-type: none"> (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the best interests of the Company, and the principal purpose of which is not for the acquisition of shares, or the provision of financial assistance being an incidental part to a plan; (2) the lawful distribution of the Company's assets in the form of dividends; (3) the distribution of dividends in the form of shares; (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected according to the Articles of Association; (5) provision of loans by the Company within its scope of business and in the ordinary course of the business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, financial assistance is provided from distributable profits); (6) the provision of monetary assistance for contributions to staff and workers' stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits). 	<p>Article 3839 The following cases shall be exempted from Article 35-37 of this Chapter:</p> <ol style="list-style-type: none"> (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the best interests of the Company, and the principal purpose of which is not for the acquisition of shares, or the provision of financial assistance being an incidental part to a plan; (2) the lawful distribution of the Company's assets in the form of dividends; (3) the distribution of dividends in the form of shares; (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected according to the Articles of Association; (5) provision of loans by the Company within its scope of business and in the ordinary course of the business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, financial assistance is provided from distributable profits); (6) the provision of monetary assistance for contributions to staff and workers' stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits).
New Article	Article 41 The Company does not accept share certificates of the Company as collateral for the lien.

Current Articles	Amended Articles
New Article	<p><u>Article 42</u> If a sponsor holds the shares of the Company, he shall not transfer those shares within one year of incorporation of the Company. Shares of the Company issued before public offering shall not be transferred within one year of the date of the listing of the shares of the Company in the stock exchange.</p> <p>The directors, supervisors, senior executive officers of the Company shall declare to the Company the shares held thereby and any changes thereto. When they are serving at these posts, they shall not transfer more than 25% of the shares of the Company held by them. The shares held shall not be transferred within one year of the date of the listing of the shares of the Company in the stock exchange. After the above personnel leave their posts, they shall not transfer the shares of the Company they hold within six months.</p> <p>Where any Director, Supervisor or senior executive officer of the Company or any Shareholder holding 5% or more of the Company's shares disposes of his/her shares in the Company within six months of purchase or purchases shares in the Company again within six months of disposal, the gains derived therefrom shall be disgorged and paid to the Company and shall be recoverable from him/her by the Board of the Company, provided that disposals by brokerage companies holding 5% or more of the shares in the Company as a result of their underwriting obligations in relation to the shares unsubscribed shall not be subject to the six-month limit.</p> <p>Should the Board of the Company fail to comply with the requirements set out in the preceding paragraph, a Shareholder shall have the right to request the Board to effect the same within thirty days. Should the Board fail to do so within the above stipulated period, a Shareholder shall, for the benefit of the Company and in his own name, have the right to institute legal proceedings directly at a people's court. Should the Board of the Company fail to comply with the provisions set out above, the responsible Director(s) shall accordingly assume joint liabilities under relevant laws.</p>
Chapter 6 Share Certificates and Register of Shareholders	Chapter 6 Share Certificates and Register of Shareholders
New Article	<p><u>Article 44</u> A share certificate issued by the Company is the evidence of the share(s) held by a shareholder. The Company shall issue its share certificates in book entry form or in physical certificate form as required by the relevant government authorities and organizations at the place where its shares are issued and listed, or in other forms as required by the China Securities Regulatory Commission.</p>

Current Articles	Amended Articles
<p>Article 39 The share certificates of the Company shall be in registered forms. In addition to the matters required by the <i>Company Law and the Special Provisions</i>, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the shares are listed.</p> <p>During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company must ensure that all of the documents relating to the title to the shares listed on the Hong Kong Stock Exchange (including H shares) include the statements as follows. The Company shall instruct and procure the share registrars not to register the subscription, purchase or transfer of share in the name of any individual holder unless and until he submits such properly executed forms to the share registrars which shall include the statements as follows:</p> <ol style="list-style-type: none"> (1) agreements among the purchaser of the share, the Company and each shareholder, and between the Company and each shareholder, have been reached to comply with and in accordance with the Company Law, the Special Provisions and other laws, administrative regulations and the Articles of Association. (2) the purchaser of the shares and the Company, each of the shareholders, Directors, Supervisors, General Manager and other members of senior management of the Company, as well as the Company when acting on behalf of the Company and each director, supervisor, General Manager and other members of senior management, agree with each shareholder that all of the disputes and claims arising from the Articles of Association, or any rights and obligations stipulated in the Company Law and other Chinese laws and administrative regulations relating to the Company, shall be referred to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award which is final. (3) the purchaser of the shares, the Company and each shareholder agree that the shares of the Company may be freely transferable by the holder. (4) the purchaser of the shares authorizes the Company to reach an agreement on behalf of him with each of the directors, General Manager and other members of senior management to authorize such directors, General Manager and other members of senior management to comply with and perform their duties to the shareholders in accordance with the Articles of Association. 	<p>Article 39-45 The share certificates of the Company shall be in registered forms. The share certificate issued by the Company is the evidence of the <u>share(s) held by a Shareholder. The Company shall issue its share certificates in book entry form or in physical certificate form as required by the relevant government authorities and organizations at the place where its shares are issued and listed, or in other forms as required by the securities regulatory authorities of the State Council.</u></p> <p>In addition to the matters required by the <i>Company Law and the Special Provisions</i>, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the shares are listed.</p> <p>During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company must ensure that all of the documents relating to the title to the shares listed on the Hong Kong Stock Exchange (including H shares) include the statements as follows. The Company shall instruct and procure the share registrars not to register the subscription, purchase or transfer of share in the name of any individual holder unless and until he submits such properly executed forms to the share registrars which shall include the statements as follows:</p> <ol style="list-style-type: none"> (1) agreements among the purchaser of the share, the Company and each shareholder, and between the Company and each shareholder, have been reached to comply with and in accordance with the Company Law, the Special Provisions and other laws, administrative regulations and the Articles of Association. (2) the purchaser of the shares and the Company, each of the shareholders, Directors, Supervisors, General Manager and other members of senior management of the Company, as well as the Company when acting on behalf of the Company and each director, supervisor, General Manager and other members of senior management, agree with each shareholder that all of the disputes and claims arising from the Articles of Association, or any rights and obligations stipulated in the Company Law and other Chinese laws and administrative regulations relating to the Company, shall be referred to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award which is final. (3) the purchaser of the shares, the Company and each shareholder agree that the shares of the Company may be freely transferable by the holder. (4) the purchaser of the shares authorizes the Company to reach an agreement on behalf of him with each of the directors, General Manager and other members of senior management to authorize such directors, General Manager and other members of senior management to comply with and perform their duties to the shareholders in accordance with the Articles of Association.

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>Article 42 The Company may maintain the register of shareholders outside China and appoint an overseas agent to manage the register of shareholders in accordance with the memorandum of understanding or agreement concluded with the China Securities Regulatory Commission and overseas securities regulatory authorities.</p> <p>The original register of shareholders for foreign shares listed in Hong Kong shall be maintained in Hong Kong. A duplicate copy of the register of shareholders for the holders of overseas-listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copy of the register of shareholders.</p> <p>In the event of any inconsistency between the original and the duplicate copy of the register of shareholders for overseas-listed foreign shares, the original register of shareholders shall prevail.</p>	<p>Article 42-48 The Company may maintain the register of shareholders outside China and appoint an overseas agent to manage the register of shareholders in accordance with the memorandum of understanding or agreement concluded with the China Securities Regulatory Commission and overseas securities regulatory authorities.</p> <p>The original register of shareholders for foreign shares listed in Hong Kong shall be maintained in Hong Kong. A duplicate copy of the register of shareholders for the holders of overseas-listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copy of the register of shareholders.</p> <p>In the event of any inconsistency between the original and the duplicate copy of the register of shareholders for overseas-listed foreign shares, the original register of shareholders shall prevail.</p> <p><u>Among registers of shareholders for overseas-listed foreign shares, the original register of shareholders of shares listed on the Stock Exchange of Hong Kong Limited shall be kept in Hong Kong.</u></p>
<p>Article 45 Fully paid overseas listed foreign shares may be freely transferred pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, the Board of Directors may refuse to process with transfer documents without stating any reasons therefor:</p> <ol style="list-style-type: none"> (1) That transferring and other documents relating to or affecting the title to any registered securities shall be registered and the fee or fees levied pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited is/are paid to the Company; (2) The transferring documents relate only to the overseas listed foreign shares listed in Hong Kong; (3) The stamp duty payable on the transferring documents had been paid; (4) right to transfer stock be reasonably required by the board of directors; (5) If the stock is to be transferred to joint owners, the number of the joint owners shall not exceed four; and (6) The stock is free from all lien. <p>If the Company refuses to register any transfer of shares, the Company shall within two months of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.</p>	<p>Article 45-43 Fully paid overseas listed foreign shares may be freely transferred pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, the Board of Directors may refuse to process with transfer documents without stating any reasons therefor:</p> <ol style="list-style-type: none"> (1) That transferring and other documents relating to or affecting the title to any registered securities shall be registered and the fee or fees levied pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited is/are paid to the Company; (2) The transferring documents relate only to the overseas listed foreign shares listed in Hong Kong; (3) The stamp duty payable on the transferring documents had been paid; (4) right to transfer stock be reasonably required by the board of directors; (5) If the stock is to be transferred to joint owners, the number of the joint owners shall not exceed four; and (6) The stock is free from all lien. <p>If the Company refuses to register any transfer of shares, the Company shall within two months of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.</p>

Current Articles	Amended Articles
Article 46 Following share transfer, the name of the transferee shall be registered in the register of shareholders as holders of shares.	Article 46 Following share transfer, the name of the transferee shall be registered in the register of shareholders as holders of shares.
Article 47 All issue or subsequent transfer of H shares shall be registered in the register of shareholders maintained in Hong Kong in accordance with Article 41.	Article 47 All issue or subsequent transfer of H shares shall be registered in the register of shareholders maintained in Hong Kong in accordance with Article 41.
Article 48 Any overseas listed foreign shareholder may transfer by the standard form of transfer of the place of listing or the form of transfer signed or bearing machine printed signatures all or any part of his shares. Transfer of the shares held by non-listed foreign shareholders is subject to the applicable laws and regulations of China.	Article 48 Any overseas listed foreign shareholder may transfer by the standard form of transfer of the place of listing or the form of transfer signed or bearing machine printed signatures all or any part of his shares. Transfer of the shares held by non-listed foreign shareholders is subject to the applicable laws and regulations of China.
Article 53 Applications for a replacement share certificate by shareholders of domestic shares and non-listed foreign shares shall be addressed pursuant to Article 144 of the <i>Company Law</i> .	Article 53-55 Applications for a replacement share certificate by shareholders of domestic shares and non-listed foreign shares shall be addressed pursuant to Article 144-143 of the <i>Company Law</i>.
<p>Article 55 With respect to holders of foreign shares listed in Hong Kong who have lost their share certificates and file an application to the Company for a new share certificate, it shall be handled in compliance with the following requirements:</p> <p>(1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares.</p> <p>(2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares prior to the issue of a replacement share certificate to the applicant.</p> <p>(3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board.</p>	<p>Article 55-57 With respect to holders of foreign H shares listed in Hong Kong who have lost their share certificates and file an application to the Company for a new share certificate, it shall be handled in compliance with the following requirements:</p> <p>(1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares.</p> <p>(2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares prior to the issue of a replacement share certificate to the applicant.</p> <p>(3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board.</p>

Current Articles	Amended Articles
<p>(4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days.</p> <p>(5) In case an application for a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver, by mail, to such registered shareholder a copy of the announcement to be published.</p> <p>(6) Upon expiration of the 90-day period referred to in the Clauses (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate.</p> <p>(7) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders.</p>	<p>(4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days.</p> <p>(5) In case an application for a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver, by mail, to such registered shareholder a copy of the announcement to be published.</p> <p>(6) Upon expiration of the 90-day period referred to in the Clauses (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate.</p> <p>(7) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders.</p>
<p align="center">Chapter 7 rights and obligations of the shareholders</p>	<p align="center">Chapter 7 rights and obligations of the shareholders</p>
<p>Article 58 The shareholders of the Company refer to the legal holders of shares of the Company, whose names (titles) are registered in the register of shareholders of the Company. The shareholders shall enjoy rights and assume obligations on the basis of the class and amount of shares held. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. All shareholders of different classes shall rank pari passu among themselves as to dividends or distributions in any other form.</p>	<p>Article 58-60 The shareholders of the Company refer to the legal holders of shares of the Company, whose names (titles) are registered in the register of shareholders of the Company. The shareholders shall enjoy rights and assume obligations on the basis of the class and amount of shares held. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. All shareholders of different classes shall rank pari passu among themselves as to dividends or distributions in any other form.</p> <p><u>When the Company is to convene the shareholders' general meeting, distribute dividends, be liquidated or carry out other acts requiring confirmation of shareholders' identity, the board of directors or the convener of the shareholders' general meeting shall decide a date for determination of equity interests. Shareholders whose names appear on the register at the end of that day shall be entitled to relevant rights and interests.</u></p>

Current Articles	Amended Articles
<p>Article 59 The Company's shareholders of ordinary shares shall enjoy the following rights:</p> <ol style="list-style-type: none"> (1) the right to receive dividends and other distributions proportional to the number of shares held; (2) the right to attend Shareholders' Meeting either in person or by proxy and exercise the voting right; (3) the right to supervise, advise or inquire the operating activities of the Company; (4) the right to transfer the shares held according to laws and regulations and the Articles of Association; (5) the right to be provided with relevant information in accordance with provisions of the Articles of Association, including: 1. to obtain a copy of the Articles of Association, subject to payment of the cost; 2. to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings: <ol style="list-style-type: none"> (i) all parts of the register of shareholders; (ii) personal profiles of the Company's Directors, Supervisors, General Manager and other members of senior management including: <ol style="list-style-type: none"> (a) their present and former names and aliases; (b) their principal addresses (residence); (c) their nationalities; (d) their full-time and all other part-time occupations and duties; (e) their identification documents and the numbers thereof. (iii) report(s) on the Company's share capital; 	<p>Article 59–61 The Company's shareholders of ordinary shares shall enjoy the following rights:</p> <ol style="list-style-type: none"> (1) the right to receive dividends and other distributions proportional to the number of shares held; (2) the right to <u>request, convene, hold, attend</u> Shareholders' Meeting either in person or by proxy and exercise the voting right <u>in accordance with the laws</u>; (3) the right to supervise, advise or inquire the operating activities of the Company; (4) the right to <u>transfer, bestow, or pledge</u> the shares <u>held</u> according to laws and regulations and the Articles of Association; (5) the right to be provided with relevant information in accordance with provisions of the Articles of Association, including: 1. to obtain a copy of the Articles of Association, subject to payment of the cost; 2. to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings: <ol style="list-style-type: none"> (i) all parts of the register of shareholders; (ii) personal profiles of the Company's Directors, Supervisors, General Manager and other members of senior management including: <ol style="list-style-type: none"> (a) their present and former names and aliases; (b) their principal addresses (residence); (c) their nationalities; (d) their full-time and all other part-time occupations and duties; (e) their identification documents and the numbers thereof.

Current Articles	Amended Articles
<p>(iv) the latest audited financial report, the report of the Board of Directors, the report of auditors, and the report of the Board of Supervisors of the Company;</p> <p>(v) special resolutions of the Company;</p> <p>(vi) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;</p> <p>(vii) a copy of the annual inspection report that has been filed with the administration of industry and commerce or other competent authorities in China; and</p> <p>(viii) minutes of Shareholders' Meeting.</p> <p>The Company shall make available the documents mentioned in Clauses (i) to (viii) other than Clause (ii) above and other applicable documents at its Hong Kong office for inspection, free of charge, by the public and shareholders in accordance with requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the documents mentioned in Clause (viii) shall be available for inspection by shareholders only).</p> <p>If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Company with written documents evidencing the type and number of shares held by the said shareholder, and the Company shall provide such information as required by the said shareholder upon authentication of the shareholder.</p>	<p>(iii) report(s) on the Company's share capital;</p> <p>(iv) the latest audited financial report, the report of the Board of Directors, the report of auditors, and the report of the Board of Supervisors of the Company;</p> <p>(v) special resolutions of the Company;</p> <p>(vi) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;</p> <p>(vii) a copy of the annual inspection report that has been filed with the administration of industry and commerce or other competent authorities in China; and</p> <p>(viii) minutes of Shareholders' Meeting.</p> <p>The Company shall make available the documents mentioned in Clauses (i) to (viii) other than Clause (ii) above and other applicable documents at its Hong Kong office or other address for inspection, free of charge, by the public and shareholders in accordance with requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and <u>Shanghai Stock Exchange</u> (the documents mentioned in Clause (viii) shall be available for inspection by shareholders only).</p> <p>If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Company with written documents evidencing the type and number of shares held by the said shareholder, and the Company shall provide such information as required by the said shareholder upon authentication of the shareholder.</p>
<p>(6) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;</p> <p>(7) other rights conferred by the laws and regulations and the Articles of Association of the Company.</p> <p>The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.</p>	<p>(6) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;</p> <p>(7) <u>request the Company to buy back his shares if a shareholder opposes the merger or division of the Company at the shareholders' general meeting;</u></p> <p>(8) other rights conferred by laws, administrative regulations and the Articles of the Company.</p> <p>The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.</p>

Current Articles	Amended Articles
New Article	<p><u>Article 62</u> If a resolution of the Company's meetings of the shareholders or the board of directors contravenes the law and administrative regulations, it shall be void. If the convening procedures or the voting methods of the Company's meetings of the shareholders or the board of directors contravenes the law, administrative regulations or the Articles, or the contents of the decision contravenes the Articles, the shareholders shall have the right to request the People's Court to revoke the decision within 60 days of the decision.</p>
New Article	<p><u>Article 63</u> If a director or a senior executive officer contravenes the provisions of the law, administrative regulations or the Articles when carrying out his duties in the Company and resulting losses to the Company, shareholders individually or collectively holding 1% or more of shares continuously for 180 days or more, can request the board of supervisors in writing to commence litigation at the People's Court. If the board of supervisors contravenes the provisions of the law, administrative regulations and the Articles when carrying out its duties in the Company, resulting losses to the Company, shareholders can request the board of directors in writing to commence litigation at the People's Court.</p> <p><u>If the board of supervisors or the board of directors refuses to commence litigation after receiving the shareholders' written request or fails to commence litigation within 30 days of receiving the request, or the situation is so urgent that without commencing litigation immediately will cause irreparable losses to the Company, the shareholders under the previous paragraph may commence litigation in their own names at the People's Court for the sake of the Company's interests.</u></p> <p><u>If any person contravenes the legal interests of the Company and leads to the losses of the Company, a shareholder under the first paragraph can start litigation at the People's Court in accordance with the two preceding paragraphs.</u></p> <p><u>If a director or senior executive officer contravenes the provisions of the law, administrative regulations and the Articles, resulting in losses suffered by the shareholders, shareholders may commence litigation at the People's Court.</u></p>

Current Articles	Amended Articles
<p>Article 60 The shareholders of ordinary shares shall assume the following obligations:</p> <ol style="list-style-type: none"> (1) to observe the Articles of Association; (2) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution; (3) to assume other obligations as the laws and regulations and the Articles of Association require. Shareholders are not liable to further contribution to the share capital other than such terms as agreed upon by the subscriber of the relevant shares on subscription. <p>Shareholders are not liable to further contribution to the share capital other than such terms as agreed upon by the subscriber of the relevant shares on subscription.</p>	<p>Article 60-64 The shareholders of ordinary shares shall assume the following obligations:</p> <ol style="list-style-type: none"> (1) to observe <u>laws, administrative regulations and</u> the Articles of Association; (2) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution; (3) <u>not to give up those shares except as prescribed by laws or administrative regulations;</u>to assume other obligations as the laws and regulations and the Articles of Association require. (4) <u>not to abuse the shareholders' rights to damage the Company's or other shareholders' interests; not to abuse the independent legal personality of the Company and the limited liabilities of the shareholders to damage the interests of the creditors; A shareholder, who abuses his shareholder's rights, resulting in losses suffered by the Company or other shareholders, shall compensate in accordance with the law.</u> (5) <u>other obligations imposed by laws, administrative regulations and the Articles of the Company.</u> <p>Shareholders are not liable to further contribution to the share capital other than such terms as agreed upon by the subscriber of the relevant shares on subscription. <u>Where a Shareholder holding 5% or more voting shares of the Company pledges any shares in his/her possession, he/she shall report the same to the Company in writing on the date when such pledge is made.</u></p>

Current Articles	Amended Articles
New Article	<u>Article 67</u> The controlling shareholder and de facto controller of the Company have a duty of honesty towards the Company and all the shareholders of the Company. The controlling shareholder shall exercise his rights as a provider of capital strictly in accordance with the law. The controlling shareholder shall not make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing, or providing guarantee, in order to damage the legal rights and interests of the Company and other shareholders, and he shall not make use of his controlling position to damage the interests of the Company and other shareholders.
Chapter 8 The shareholders' general meeting	Chapter 8 The shareholders' general meeting
<p>Article 64 Shareholders' Meeting shall possess the following functions and powers:</p> <ol style="list-style-type: none"> (1) to decide on the Company's operational policies and its investment plans; (2) to elect and replace Directors and to decide on the matters relating to the remuneration of Directors; (3) to elect and replace shareholders' representative Supervisors, and decide on matters relating the remuneration of the relevant Supervisors; (4) to examine and approve reports of the Board of Directors; (5) to examine and approve reports of the Board of Supervisors; (6) to examine and approve the Company's proposed annual preliminary and final financial budgets; (7) to examine and approve the Company's profit distribution and loss recovery plans; (8) to decide on the increase or reduction of the Company's registered capital; (9) to decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company; (10) to decide on the issuance of debentures by the Company; (11) to decide on the engagement, dismissal or non-reappointment of the Company's accounting firm; (12) to amend the Articles of Association; (13) to consider any motions raised by shareholders who hold 3% or more of the voting shares of the Company; (14) to decide on any other matters as the laws and regulations and the Article of Association of the Company specify. 	<p>Article 6469 Shareholders' Meeting shall possess the following functions and powers:</p> <ol style="list-style-type: none"> (1) to decide on the Company's operational policies and its investment plans; (2) to elect and replace Directors and to decide on the matters relating to the remuneration of Directors; (3) to elect and replace shareholders' representative Supervisors, and decide on matters relating the remuneration of the relevant Supervisors; (4) to examine and approve reports of the Board of Directors; (5) to examine and approve reports of the Board of Supervisors; (6) to examine and approve the Company's proposed annual preliminary and final financial budgets; (7) to examine and approve the Company's profit distribution and loss recovery plans; (8) to decide on the increase or reduction of the Company's registered capital; (9) to decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company; (10) to decide on the issuance of debentures by the Company; (11) to decide on the engagement, dismissal or non-reappointment of the Company's accounting firm; (12) to amend the Articles of Association; (13) <u>pass resolutions on the employment, dismissal or refusal of continuing employment of accounting firms by the Company;</u> (14) <u>to consider and approve such external guarantees as stipulated in Article 71;</u>

Current Articles	Amended Articles
	<p>(15) <u>to consider any purchase or disposal of substantial assets by the Company within one year where the amount involved exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company as well as other external investment matters subject to consideration and approval at the general meeting of the Company pursuant to rules for external investment management and other relevant internal systems of the Company;</u></p> <p>(16) <u>examine and approve changes in usage of the raised fund;</u></p> <p>(17) <u>review share incentive plans;</u></p> <p>(18)(13)<u>to consider any motions raised by shareholders who hold 3% or more of the voting shares of the Company;</u></p> <p>(19)(14)<u>to decide on any other matters as the laws and regulations and the Article of Association of the Company specify.</u></p> <p><u>The matters that are required to be resolved by the shareholders' general meeting in accordance with laws, administrative regulations, rules, relevant rules of the securities exchange(s) on which the shares of the Company are listed and the Articles of the Company, must be examined and approved by the shareholders' general meeting, in order to secure the shareholders' right to decide on such matters. The shareholders' general meeting shall, under necessary, reasonable and legal circumstances, authorize the board of directors to decide on the matters that are related to the matters discussed at the shareholders' general meeting but cannot or need not to be decided immediately at the shareholders' general meeting. The authorization to the board of directors by the shareholders' general meeting shall be approved by more than 50% of the voting rights of shareholders (including proxies) present at the shareholders' general meeting if the authorized issues are ordinary resolution issues. If the authorized issues are special resolution issues, the authorization shall be approved by more than two-thirds of the voting rights of shareholders (including proxies) present at the shareholders' general meeting. The authorization shall be concrete and clear.</u></p>

Current Articles	Amended Articles
New Article	<p><u>Article 70</u> The following external guarantees shall be submitted to Shareholders' general meetings for consideration after being considered and passed by the Board:</p> <ol style="list-style-type: none"> <u>1</u> any provision of guarantee after the aggregate amount of external guarantees provided by the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets; <u>2</u> provision of guarantee provided by the company within one year exceeds 30% of its latest audited net asset in consolidated financial statement; <u>3</u> provision of guarantee to any party whose gearing ratio exceeds 70%; <u>4</u> provision of a single guarantee with an amount exceeding 10% of the latest audited net asset of the Company; <u>5</u> provision of guarantee when the aggregate amount of guarantees provided by the Company in 12 consecutive months exceeds 30% of the latest audited total assets of the Company; <u>6</u> provision of guarantee when the aggregate amount of guarantees provided by the Company in 12 consecutive months exceeds 50% of the latest audited net assets of the Company and the absolute amount of which exceeds RMB50 million; <u>7</u> any guarantee provided to any Shareholder, the de factor controller of the Company or their respective related parties; <u>8</u> other guarantees required to be submitted to Shareholders' general meetings for consideration and approval as stipulated by other laws, administrative regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association. <p>A guarantee which falls within the authorities of the Board, in addition to being required to be passed by exceeding half of all Directors, requires also the approval of more than two-thirds of Directors present at the meeting. The guarantee set out in the preceding subparagraph (5) shall be subject to more than two-thirds of the voting rights held by Shareholders present at the meeting.</p>

Current Articles	Amended Articles
<p>Article 66 The Shareholders' Meeting shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be called by the Board of Directors and held once every year, and within 6 months of the end of the preceding financial year.</p> <p>Two or more independent non-executive Directors may propose to convene an extraordinary general meeting. The Board shall convene an extraordinary general meeting within 2 months under any of the following circumstances:</p> <ol style="list-style-type: none"> (1) when the number of directors is less than that required by the Company Law or is less than two thirds of the numbers required by the Articles of Association; (2) when the Company fails to recover the loss amounting to over one third of the share capital; (3) when shareholder(s) holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting; (4) when deemed necessary by the Board of Directors or the Board of Supervisors motions to call an extraordinary general meeting. 	<p>Article 66-72 The Shareholders' Meeting shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be called by the Board of Directors and held once every year, and within 6 months of the end of the preceding financial year.</p> <p>Two or more independent non-executive Directors may propose to convene an extraordinary general meeting.</p> <p>The Board shall convene an extraordinary general meeting within 2 months under any of the following circumstances:</p> <ol style="list-style-type: none"> (1) when the number of directors is less than that required by the Company Law or is less than two thirds of the numbers required by the Articles of Association; (2) when the Company fails to recover the loss amounting to over one third of the share capital; (3) when shareholder(s) holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting; (4) when deemed necessary by the Board of Directors or the Board of Supervisors motions to call an extraordinary general meeting. (5) <u>other circumstances prescribed by the law, administrative regulations, department rules or the Articles.</u>

Current Articles	Amended Articles
<p>Article 67 When the Company convenes the Shareholders' Meeting, written notices of the meeting shall be provided in no less than 45 days prior to the date of the meeting to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning his attendance in no less than 20 days before the date of the meeting.</p> <p>In the case that the rules of the securities regulatory body or the stock exchange in the place where the shares of the Company are listed require the Company to send out, mail, deliver, distribute, announce or by other means provide relevant documents of the Company in both the Chinese and English language, if after the Company has made proper arrangement to determine whether its shareholders wish to receive either the English version or the Chinese version only, the Company may, within the scope permitted by the applicable laws and regulations and according to such applicable laws and regulations, send to the relevant shareholders the English version or the Chinese version only (in accordance with the wishes as stated by the shareholders). Subject to the applicable laws and regulations and the rules of the stock change on which the shares of the Company are listed, the communications of the Company, including but not limited to notices of general meetings, circulars to shareholders, annual reports, interim reports and quarterly reports, may also be made available to the holders of foreign shares by publication of them in the website of the Company.</p>	<p>Article 67–82 When the Company convenes the Shareholders' Meeting, written notices of the meeting shall be provided in no less than 45 days prior to the date of the meeting to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning his attendance in no less than 20 days before the date of the meeting.</p> <p><u>When the Company calculates the commencement of a period, it does not include the day the meeting is held.</u></p> <p>In the case that the rules of the securities regulatory body or the stock exchange in the place where the shares of the Company are listed require the Company to send out, mail, deliver, distribute, announce or by other means provide relevant documents of the Company in both the Chinese and English language, if after the Company has made proper arrangement to determine whether its shareholders wish to receive either the English version or the Chinese version only, the Company may, within the scope permitted by the applicable laws and regulations and according to such applicable laws and regulations, send to the relevant shareholders the English version or the Chinese version only (in accordance with the wishes as stated by the shareholders). Subject to the applicable laws and regulations and the rules of the stock change on which the shares of the Company are listed, the communications of the Company, including but not limited to notices of general meetings, circulars to shareholders, annual reports, interim reports and quarterly reports, may also be made available to the holders of foreign shares by publication of them in the website of the Company.</p>
<p>New Article</p>	<p>Article 73 <u>The venue of a Shareholders' general meeting of the Company shall be either the domicile of the Company or such other venue as specified in the notice of such general meeting.</u></p> <p><u>Meeting venue shall be set for Shareholders' general meetings which shall be convened by way of on-site meetings. The Company will provide convenience for Shareholders to attend Shareholders' general meetings through various means and approaches in accordance with the specific regulations of the regulatory authorities of the listing place(s) of the Company and will provide priority to modern information technology methods such as online voting platform, in order to assure the legality and validity of the Shareholders' general meeting. Shareholders who attend a meeting by the said means are deemed to be present at such meeting.</u></p>

Current Articles	Amended Articles
New Article	<p><u>Article 74</u> When convening a Shareholders' general meeting, the Company shall engage lawyers to attend the meeting and advise on the following issues with announcements made thereon:</p> <ol style="list-style-type: none"> <u>1</u> Whether or not the convening of the meeting and its procedures are in compliance with laws, administrative regulations and the Articles of Association; <u>2</u> whether the attendees are eligible and whether the eligibility of the convener is lawful and valid; <u>3</u> whether the procedures of voting and the voting results of the meeting are lawful and valid; <u>4</u> legal opinions on other related matters as requested by the Company.
New Article	<p><u>Article 75</u> More than two independent directors shall have the right to suggest to the board of directors to convene extraordinary shareholders' general meetings. Concerning the above request, the board of directors shall, in accordance with the requirements of the law, administrative regulations and the Articles, provide a written opinion to agree or disagree to convene an extraordinary shareholders' general meeting within 10 days of receiving the suggestion.</p> <p>If the board of directors agrees to convene an extraordinary shareholders' general meeting, it will issue a notice of shareholders' general meeting within 5 days of the decision of the board of directors. If the board of directors does not agree to convene an extraordinary meeting, it shall publicly announce the reasons.</p>
New Article	<p><u>Article 76</u> Where the board of supervisors requests the convening of an extraordinary general meeting, the following procedures shall be followed:</p> <ol style="list-style-type: none"> <u>1</u> Execute one or more copies of requisitions in the same form and contents stating the topics for discussion at the meeting to request the Board to convene an extraordinary general meeting. The Board shall furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days upon receipt of the said requisition. <u>2</u> In the event that the Board agrees to convene an extraordinary general meeting, the notice of general meeting shall be issued within five days after adopting the relevant Board resolution. Any changes to the original proposal(s) made in the notice shall be subject to prior approval of the board of supervisors.

Current Articles	Amended Articles
	<p><u>3</u> <u>In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such requisition, the Board shall be deemed to be incapable of or failure in performing the duty of convening a Shareholders' general meeting, in which case the board of supervisors may convene and preside over such meeting by itself.</u></p> <p><u>Where the board of supervisors convenes and holds a meeting because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.</u></p>
New Article	<p><u>Article 77</u> <u>Where Shareholders request the convening of an extraordinary general meeting or a class meeting, the following procedures shall be followed:</u></p> <p><u>1</u> <u>Two or more Shareholders holding in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign one or more copies of requisitions stating the topics for discussion at the meeting to request the Board to convene an extraordinary general meeting or a class meeting. The Board shall furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting or a class meeting within ten days upon receipt of the said requisition. The aforesaid shareholdings shall be determined as of the date on which the written requisition was submitted by the Shareholders.</u></p> <p><u>2</u> <u>In the event that the Board agrees to convene an extraordinary general meeting or a class meeting, the notice of such general meeting or class meeting shall be issued within five days after adopting the relevant Board resolutions. Any changes to the original proposal(s) made in the notice shall be subject to prior approval of the Shareholders concerned.</u></p> <p><u>3</u> <u>In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such requisition, Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the board of supervisors to convene an extraordinary general meeting, provided that such request shall be made in writing.</u></p>

Current Articles	Amended Articles
	<p data-bbox="815 246 1359 725"> <u>4</u> In the event that the board of supervisors agrees to convene an extraordinary general meeting, the notice of such general meeting shall be issued within five days after receiving such requisition. Any changes to the original proposal(s) made in the notice shall be subject to prior approval of the Shareholders concerned. Failure of the board of supervisors to issue the notice of general meeting within the stipulated period shall be deemed as the failure of the board of supervisors to convene and preside over a general meeting, and Shareholders severally or jointly holding 10% or more of the Company's shares for ninety or more consecutive days shall be entitled to convene and preside over the general meeting on an unilateral basis. </p> <p data-bbox="815 753 1359 940"> Where shareholders convene and hold a meeting because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors. </p>
New Article	<p data-bbox="815 959 1359 1119"> Article 78 Where the board of supervisors or Shareholders decide(s) to convene an extraordinary general meeting on their own, they shall notify the Board in writing and file the same with the dispatched office of the CSRC at the locality of the Company and the stock exchange. </p> <p data-bbox="815 1146 1359 1251"> Before publicly announcing the decision of the shareholders' general meeting, the convening shareholders should not hold less than 10% of the shares. </p> <p data-bbox="815 1278 1359 1466"> The board of supervisors or the convening Shareholders shall submit relevant evidence to the dispatched office of CSRC at the locality of the Company and the stock exchange upon the issuance of the notice of the Shareholders' general meeting and the announcement of the resolutions of the Shareholders' general meeting. </p>

Current Articles	Amended Articles
	<p><u>Article 79</u> When a shareholders' general meeting is convened by the board of supervisors or by the shareholders, the board of directors and the secretary to the board of directors shall assist. The board of directors shall provide the register of shareholders on the date of registration of shareholding.</p>
New Article	<p><u>Article 80</u> The contents of the resolutions to be raised should be within the scope of duties of the shareholders' general meetings. It should have a clear topic and actual issues to be decided, in compliance with the law, administrative regulations and the Articles.</p>
New Article	<p><u>Article 81</u> When the Company holds a shareholders' general meeting, the board of directors, the board of supervisors or shareholders individually or together holding more than 3% of the shares of the Company, can propose resolutions to the company.</p> <p>Shareholders, individually or together, holding more than 3% of the shares of the Company can submit temporary resolutions in writing to the convener, 10 days before the holding of the shareholders' general meeting. The convener should issue a supplementary notice of the shareholders' general meeting within 2 days of receipt of the proposal and publicly announce the contents of the temporary resolutions.</p> <p>Except as provided in the last paragraph, after the chairman of the meeting publicly issues the notice of the shareholders' general meeting, he cannot change any resolution or add new resolutions in the notice of shareholders' general meetings.</p> <p>If a notice of shareholders' general meeting does not specify the proposed resolutions or does not comply with Article 80, the shareholders' general meeting cannot vote and reach a decision.</p>

Current Articles	Amended Articles
<p>Article 70 The notice of the Shareholders' Meeting shall:</p> <ol style="list-style-type: none"> (1) be in writing; (2) specify time, date and place of the meeting; (3) describe matters for consideration at the meeting; (4) provide such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or the restructuring of the Company in any other manner, the terms of the proposed transaction must be provided in detail along with copies of the proposed agreement, if any, and the reason(s) and effect of such proposal must be properly explained; (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, the General Manager, or other members of senior management in the proposed transaction and the effect of the transaction in their capacity as shareholders to the extent that it is different from the effect on the interests of shareholders of the same class; (6) contain the full text of any special resolution proposed to be passed at the meeting; (7) state clearly that a shareholder is entitled to attend and vote at the meeting, and to appoint one or more proxies to attend and vote on his behalf, and that a proxy need not be a shareholder; (8) specify the time and place for delivering proxy forms for the relevant meeting. 	<p>Article 70⁸⁵ The notice of the Shareholders' Meeting shall:</p> <ol style="list-style-type: none"> (1) be in writing; (2) specify time, date and place of the meeting; (3) describe matters for consideration at the meeting; (4) provide such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or the restructuring of the Company in any other manner, the terms of the proposed transaction must be provided in detail along with copies of the proposed agreement, if any, and the reason(s) and effect of such proposal must be properly explained; (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, the General Manager, or other members of senior management in the proposed transaction and the effect of the transaction in their capacity as shareholders to the extent that it is different from the effect on the interests of shareholders of the same class; (6) contain the full text of any special resolution proposed to be passed at the meeting; (7) state clearly that a shareholder is entitled to attend and vote at the meeting, and to appoint one or more proxies to attend and vote on his behalf, and that a proxy need not be a shareholder; (8) specify the time and place for delivering proxy forms for the relevant meeting; (9) <u>it shall state the date of registration of shareholding of the shareholders, for determining those shareholders entitled to attend the shareholders' general meeting;</u> (10) <u>it shall state the name and telephone number of the permanent contact person concerning meeting matters.</u>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>New Article</p>	<p><u>Article 86 The notice and supplementary notice of the meeting should fully and completely disclose the contents of the resolutions. If a discussion matter requires an opinion from independent directors, the opinion and reasons of independent directors should be disclosed in the notice or supplementary notice of shareholders’ general meeting is issued.</u></p> <p><u>If the shareholders’ general meeting intends to discuss the election of directors or supervisors, the notice of the shareholders’ general meeting should disclose full information of the candidates for directors and supervisors. The notice should at least include the following:</u></p> <ol style="list-style-type: none"> <u>1 Personal circumstances such as education background, work experience, other simultaneous appointments;</u> <u>2 Whether there is associate relationship with the Company or a controlling shareholder and de facto controller of the Company;</u> <u>3 Disclose the number of shares held in the Company;</u> <u>4 Whether subject to punishment by China Securities Regulatory Commission and other relevant department and sanctioned by the securities exchange.</u> <p><u>Each candidate for director or supervisor should be separately proposed, except for directors or supervisors elected by way of cumulative voting system.</u></p>
<p>Article 71 Notice of general meeting of shareholders shall be served on each shareholder (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notices of the general meeting may also be issued by way of public announcements. The public announcement as referred to in the preceding paragraph shall be published in 1 or more national newspapers designated by the China Securities Regulatory Commission within 45 days to 50 days prior to the date of the meeting. Upon publication of such announcements, the holders of domestic shares shall be deemed to have received the notice for the Shareholders’ Meeting.</p>	<p>Article 71–87 Notice of general meeting of shareholders shall be served on each shareholder (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notices of the general meeting may also be issued by way of public announcements.</p> <p>The public announcement as referred to in the preceding paragraph shall be published in 1 or more national newspapers designated by the China Securities Regulatory Commission within 45 days to 50 days prior to the date of the meeting. Upon publication of such announcements, the holders of domestic shares shall be deemed to have received the notice for the Shareholders’ Meeting.</p> <p><u>In the case of possible, the Chinese and English version of this announcement shall be published on the same day in Hong Kong in a major Chinese or English language newspaper.</u></p> <p><u>Notwithstanding the above two paragraphs, if otherwise stipulated in the listing rules and other applicable regulations of the stock exchange where the Company’s domestic shares are listed in respect of the despatch of the notice of a shareholders’ general meeting to domestic Shareholders of the Company, the same shall prevail.</u></p>

Current Articles	Amended Articles
New Article	<u>Article 89</u> After the issuance of the notice of a shareholders' general meeting, it shall not be postponed or cancelled without proper reasons. Proposals specified in the notice of shareholders' general meeting shall not be cancelled. Once a delay or cancellation occurs, the chairman of the meeting should publicly announce and give reasons at least 2 business days before the originally scheduled meeting date.
New Article	<u>Article 90</u> All shareholders, or their proxies, appearing on the register of shareholders on the date of registration of shareholding, can attend the shareholders' general meeting. They can also exercise voting rights in accordance with the law, regulations and the Articles. A shareholder can attend the shareholders' general meeting personally or appoint a proxy to attend or vote on his behalf.
New Article	<u>Article 93</u> The authorization letter a shareholder presents to authorize another person to attend the shareholders' general meeting should contain the following contents: 1 <u>Name of the proxy;</u> 2 <u>Whether the proxy has voting rights;</u> 3 <u>Indication of consent, objection or abstention concerning each proposal on the shareholders' general meeting agenda;</u> 4 <u>Date of signing of the authorization letter and validity period;</u> 5 <u>Signature (or chop) of the entrusting party. If the entrusting party is a corporate shareholder, it should add the chop of the legal person.</u>
New Article	<u>Article 97</u> The meeting registration document containing the people attending the meeting should be made by the Company. The meeting registration document contains the names of persons (or names of organizations) attending the meeting, identity card numbers, residential addresses, the number of shares held or representing the voting rights, and names (or name of organizations) of the proxies.
<u>New Article</u>	<u>Article 98</u> The chairman of the meeting shall verify the legality of shareholders' qualifications according to the register of shareholders. The names of shareholders and their number of shares with voting rights shall be registered. The registration at the meeting should terminate before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the shares with voting rights held thereby.

Current Articles	Amended Articles
New Article	<p><u>Article 99</u> When a Shareholders' general meeting is held, all Directors, Supervisors and secretary to the Board of the Company shall attend the meeting, while General Manager and other relevant senior executive officers of the Company shall attend the meeting as non-voting participants.</p>
New Article	<p><u>Article 100</u> A general meeting shall be convened and presided over by the chairman of the Board or by the vice chairman of the Board in the event that the chairman is unable to be present at the meeting. One Director elected by half or more of the Directors shall chair and preside over the meeting in the event that both the chairman and the vice chairman are unable to be present at the meeting.</p> <p>The chairman of the board of supervisors shall preside over and chair any Shareholders' general meetings held by the board of supervisors on its own. In the event that the chairman of the board of supervisors is unable to discharge or fails to discharge his/her duties, a Supervisor elected by half or more of the Supervisors shall preside over and chair the meeting.</p> <p>A general meeting convened by Shareholders on their own shall be presided over and chaired by a representative nominated by the convening Shareholders. If chairman of the meeting has not been designated, the Shareholders present at the meeting may elect one person to act as chairman of the meeting; and if the Shareholders are unable to elect the chairman due to any reasons, the Shareholder who holds the largest number of shares with voting rights (including his/ her proxy) among the present Shareholders shall act as chairman of the meeting.</p> <p>When a shareholders' general meeting is held, if the chairman of the meeting contravenes meeting procedures, making the meeting impossible to proceed, then if exceeding half of the shareholders with voting rights and attending the meeting agree, the shareholders' general meeting can nominate one person as the chairman of the meeting to continue with the meeting.</p>
New Article	<p><u>Article 101</u> Directors, supervisors, and senior executive officers should explain with respect to questions and suggestions from shareholders at the shareholders' general meeting.</p>

Current Articles	Amended Articles
New Article	<u>Article 102</u> At each annual general meeting, the Board and the board of supervisors shall report their respective work in the preceding year to the general meeting. Each independent Director shall also make their own work reports.
New Article	<u>Article 103</u> The chairman of the meeting should, before voting, announce the number of shareholders and their proxies present in the meeting, as well as their shares held with voting rights. The number of shareholders and their proxies present in the meeting, as well as their shares held with voting rights should be in accordance with those registered at the meeting.
New Article	<p><u>Article 104</u> The shareholders' general meeting should have minutes prepared by the secretary to the board of directors. The minutes should contain the following contents:</p> <ol style="list-style-type: none"> <u>1</u> Meeting time, site, agenda, and the name of the chairman of the meeting; <u>2</u> The name of the chairman of the meeting and the names of the directors, supervisors, general manager, and other senior executive officers attending or present at the meeting; <u>3</u> The number of shareholders and proxies present at the meeting as well as their shares held with voting rights, and such shares as a percentage to the total share capital of the Company; <u>4</u> The process of examination, main points of address and voting results of each proposal; <u>5</u> Shareholders' questions, opinions or suggestions and the corresponding answers or explanations thereto; <u>6</u> Names of vote counters and voting supervisors; <u>7</u> Other contents to be included in the minutes as specified by the Articles.
New Article	<u>Article 105</u> The chairman shall ensure that the contents of the minutes are true, accurate and complete. Directors, supervisors, secretaries to the board of directors, conveners or their representatives, and the chairman of the meeting present at the meeting should sign their names on the minutes. The minutes should be kept together with the signature book of shareholders present at the meeting and authorization letters of proxies for not less than 10 years.

Current Articles	Amended Articles
New Article	<p><u>Article 106</u> The convener should ensure that the shareholders' general meeting shall be conducted continuously until final decisions are made. If the shareholders' general meeting is suspended or a decision cannot be made by reason of force majeure or other special circumstances, the convener should adopt necessary procedures to resume the meeting or directly terminate that meeting and immediately announce to public.</p>
<p>Article 80 A shareholder (including proxy), when voting at a Shareholders' Meeting, shall exercise voting rights in accordance with the number of his shares carrying the voting rights and each share shall have one vote.</p> <p>If any shareholder should waive his/her voting right on a particular matter, or is restricted to vote only for or against the matter, in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, such shareholder should waive his/her voting right or abstain from voting in accordance with the provisions therein; any vote casted by or on behalf of any shareholder in violation of such provisions or restriction shall not be counted into the poll result.</p>	<p>Article 80-109 A shareholder (including proxy), when voting at a Shareholders' Meeting, shall exercise voting rights in accordance with the number of his shares carrying the voting rights and each share shall have one vote.</p> <p><u>Where material issues affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.</u></p> <p><u>Shares held by the company have no voting rights. This portion of shares is not considered as part of the total number of shares with voting rights and present at the shareholders' general meetings.</u></p> <p><u>The Company's board of directors, independent directors and shareholders that fulfilled the conditions set out in the relevant regulations can publicly solicit voting rights from shareholders, provided that sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company shall not impose any limitation related to minimum shareholdings on the solicitation of voting rights.</u></p> <p>If any shareholder should waive his/her voting right on a particular matter, or is restricted to vote only for or against the matter, in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, such shareholder should waive his/her voting right or abstain from voting in accordance with the provisions therein; any vote casted by or on behalf of any shareholder in violation of such provisions or restriction shall not be counted into the poll result.</p>

Current Articles	Amended Articles
New Article	<p><u>Article 110</u> When the shareholders' general meeting discusses associated transactions, the associated shareholders shall not participate in the voting. His shares held with voting rights shall not be calculated within the total number of valid votes. The public announcement of shareholders' general meeting resolutions shall fully disclose the voting decisions of the non-associated shareholders. The Company shall, in accordance with the requirements of the securities exchange(s) where the Company is listed, identify the definition and scope of associated shareholders.</p> <p>Where associated shareholders should withdraw but did not, non-associated shareholders can request for their withdrawal.</p>
New Article	<p><u>Article 111</u> The Company shall not, without the prior approval of a Shareholders' general meeting by way of special resolution, enter into any contract with any person other than a Director, General Manager or other senior executive officer whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.</p>
New Article	<p><u>Article 112</u> The list of candidates for director and supervisor shall be proposed to the shareholders' general meeting for voting. The board of directors and shareholders representing more than 3% of the voting shares of the Company shall have the right to raise relevant resolutions.</p> <p>When the board of directors raises resolution concerning the candidates for director and supervisor, the written nomination shall, after consulting shareholders for suggestions by the existing board of directors, be submitted to the shareholders' general meeting for election. The board of directors shall announce the biographies and basic information of candidates for directors and supervisors to shareholders. Cumulative voting system should be adopted for election of directors or supervisors at the shareholders' general meetings when the shareholding percentage of the controlling shareholder of the Company is over 30%.</p> <p>The cumulative voting system referred to in the previous Article means that during the election of directors and supervisors at the shareholders' general meeting, each share entitled to vote carries a number of voting rights equivalent to the number of directors or supervisors to be elected. A shareholder may freely allocate its/his/her votes among the candidates for directors and supervisors, either to allocate to a number of persons, or to vote all in favor of one person. Candidates for directors or supervisors will be sorted by number of voting in their favor. Those who have more votes shall be elected according to the number of directors or supervisors proposed to be elected.</p>

Current Articles	Amended Articles
	<p><u>In the cumulative voting system, independent directors and other members of the board of directors shall be elected separately.</u></p> <p><u>The staff representative candidate in the board of supervisor shall be nominated by the Labor Union of the Company and elected directly by the assembly of the worker’s representatives of the Company.</u></p>
New Article	<p><u>Article 113 Apart from the cumulative voting system, the shareholders’ general meeting will vote on all resolutions individually. If one matter has different resolutions, they will be voted in the chronological order of the proposals being proposed. The shareholders’ general meeting shall not combine or divide each resolution to vote or amend resolutions in any other way.</u></p> <p><u>Except under special circumstances such as force majeure, leading to the suspension or inability to make resolutions to make decisions at the shareholders’ general meeting, the shareholders’ general meeting shall not set aside the resolutions and leave the resolutions undecided.</u></p>
New Article	<p><u>Article 114 When a shareholders’ general meeting examines resolutions, it will not amend resolutions. Otherwise, such changes will be treated as new resolutions and cannot be voted and decided during that shareholders’ general meeting.</u></p>
<p>Article 82 A poll demanded on the election of chairman of the meeting or a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at the time decided by the chairman of the meeting, and the meeting may proceed to consider and vote on other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.</p>	<p><u>Article 82116 A poll demanded on the election of chairman of the meeting or a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at the time decided by the chairman of the meeting, and the meeting may proceed to consider and vote on other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. <u>The same voting right shall only be exercised by one of the voting means including on-site, via internet or by other means. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.</u></u></p>
New Article	<p><u>Article 117 Before the shareholders’ general meeting votes on resolutions, the chairman of the meeting shall nominate 2 shareholder representatives to count and supervise the voting, and declare the number of shares held by the shareholder representative serving as voting supervisor. If the matter to be discussed and a shareholder have conflict of interests, the relevant shareholder and his proxy cannot count or supervise the voting.</u></p>
New Article	<p><u>Article 118 When voting on a proposal takes place at a Shareholders’ general meeting, lawyers, respective representatives of Shareholders, auditors appointed by the Company or share registrar and Supervisors shall conduct vote counting and act as scrutineers, and announce the voting results there and then. The voting results shall be recorded in the minutes of the meeting.</u></p>

Current Articles	Amended Articles
	<u>Article 119</u> Shareholders of the listed company or their proxies that vote via internet or by other means are entitled to check their voting results through the relevant voting system.
<p>Article 85 The following matters shall be resolved by ordinary resolutions at the Shareholders' Meeting:</p> <ol style="list-style-type: none"> (1) reports of the Board of Directors and the Board of Supervisors; (2) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors; (3) removal of the members of the Board of Directors and Supervisors on behalf of shareholders, and decision on their remuneration and methods of payment; (4) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of the Company; (5) other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution. 	<p>Article 85122 The following matters shall be resolved by ordinary resolutions at the Shareholders' Meeting:</p> <ol style="list-style-type: none"> (1) reports of the Board of Directors and the Board of Supervisors; (2) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors; (3) removal of the members of the Board of Directors and Supervisors on behalf of shareholders, and decision on their remuneration and methods of payment; (4) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of the Company; <u>(5) the annual report of the Company;</u> <u>(6) (5)</u> other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution.
<p>Article 86 The following matters shall be resolved by special resolutions at the Shareholders' Meeting:</p> <ol style="list-style-type: none"> (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities; (2) the issue of debentures of the Company; (3) the division, merger, dissolution, liquidation or change in the form of the Company; (4) the amendments to the Articles of Association; (5) the Company's acquisition or disposal of major assets or providing guarantees within 1 year with the transaction amount exceeding 30% of the total assets of the Company; (6) other matters that ordinary resolutions have been made at the Shareholders' Meeting indicating that resolutions regarding such matters will substantially impact the Company and such matters need to be passed by special resolutions. 	<p>Article 86123 The following matters shall be resolved by special resolutions at the Shareholders' Meeting:</p> <ol style="list-style-type: none"> (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities; (2) the issue of debentures of the Company; (3) the division, merger, dissolution, liquidation or change in the form of the Company; (4) the amendments to the Articles of Association; (5) the Company's acquisition or disposal of major assets or providing guarantees within 1 year with the transaction amount exceeding 30% of the total assets of the Company; <u>(6) share incentive plans;</u> <u>(7) (6)</u> matters as required by laws, administrative regulations or the Articles, or other matters that ordinary resolutions have been made at the Shareholders' Meeting indicating that resolutions regarding such matters will substantially impact the Company and such matters need to be passed by special resolutions.

Current Articles	Amended Articles
<p>Article 87 When requesting the convening of an extraordinary general meeting or a class meeting, it shall be handled according to the following procedures:</p> <p>(1) Shareholder(s), individually or jointly holding an aggregate of 10% or more of the shares carrying the right to vote at the meeting shall sign one or more written requests of the same form stating the object of the meeting and requesting that the Board of Directors convene an extraordinary general meeting or a class meeting thereof. The Board of Directors shall convene an extraordinary or a class general meeting responsively after receipt of such request.</p> <p>The aforesaid amount of shareholding is calculated as on the day when the shareholders make the request in writing.</p> <p>(2) If the Board of Directors fails to send notification of the meeting within 30 days from the date of the receipt of such request, requesting Shareholders may call the meeting within 4 months of the date of the receipt of such request by the Board of Directors, and the procedures for calling the meeting shall remain as the Board of Directors would call the meeting.</p> <p>Where shareholders convene a meeting due to the failure by the Board of Directors to duly convene the same, all reasonable expenses so incurred shall be reimbursed by the Company, and any sum so reimbursed shall be set-off against such sums owed by the Company to the defaulting directors.</p>	<p>Article 87 When requesting the convening of an extraordinary general meeting or a class meeting, it shall be handled according to the following procedures:</p> <p>(1) Shareholder(s), individually or jointly holding an aggregate of 10% or more of the shares carrying the right to vote at the meeting shall sign one or more written requests of the same form stating the object of the meeting and requesting that the Board of Directors convene an extraordinary general meeting or a class meeting thereof.</p> <p>The Board of Directors shall convene an extraordinary or a class general meeting responsively after receipt of such request. The aforesaid amount of shareholding is calculated as on the day when the shareholders make the request in writing.</p> <p>(2) If the Board of Directors fails to send notification of the meeting within 30 days from the date of the receipt of such request, requesting Shareholders may call the meeting within 4 months of the date of the receipt of such request by the Board of Directors, and the procedures for calling the meeting shall remain as the Board of Directors would call the meeting.</p> <p>Where shareholders convene a meeting due to the failure by the Board of Directors to duly convene the same, all reasonable expenses so incurred shall be reimbursed by the Company, and any sum so reimbursed shall be set-off against such sums owed by the Company to the defaulting directors.</p>
<p>Article 88 The Chairman of the Board of Directors shall preside over the Shareholders' Meeting. If the Chairman of the Board is unable to attend the meeting for any reason, the meeting shall be chaired by the Vice Chairman of the Board. If both the Chairman of the Board and the vice Chairman of the Board are unable to attend the meeting, the Board of Directors may appoint a director of the Company to call and chair the meeting. In the event that no chairman of the meeting is so designated, the attending shareholders shall elect 1 of the directors to act as the chairman of the meeting. In the event that, for any reasons, the shareholders fail to elect a chairman, then the shareholder holding the largest number of the voting shares present in person or by proxy shall be the chairman of the meeting.</p>	<p>Article 88 The Chairman of the Board of Directors shall preside over the Shareholders' Meeting. If the Chairman of the Board is unable to attend the meeting for any reason, the meeting shall be chaired by the Vice Chairman of the Board. If both the Chairman of the Board and the vice Chairman of the Board are unable to attend the meeting, the Board of Directors may appoint a director of the Company to call and chair the meeting. In the event that no chairman of the meeting is so designated, the attending shareholders shall elect 1 of the directors to act as the chairman of the meeting. In the event that, for any reasons, the shareholders fail to elect a chairman, then the shareholder holding the largest number of the voting shares present in person or by proxy shall be the chairman of the meeting.</p>
<p>Article 89 The chairman of the meeting shall be responsible for determining whether a resolution has been passed, and such decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes thereof.</p>	<p>Article 89¹²⁴ The chairman of the meeting shall be responsible for determining whether a resolution has been passed, and such decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes thereof. <u>The Company shall announce the resolutions of the Shareholders' general meetings in accordance with the relevant requirements of the stock exchange on which the shares of the Company are listed.</u></p>

Current Articles	Amended Articles
	<u>Article 128</u> If a resolution is not passed, or if a resolution of this shareholders' general meeting changes the decision of a resolution of a former shareholders' general meeting, this should be specially noted in the announcement of decisions of the shareholders' general meeting.
New Article	<u>Article 129</u> If a shareholders' general meeting approves resolutions to elect directors or supervisors, the newly appointed directors or supervisors will assume office after the resolution of the shareholders' general meeting.
New Article	<u>Article 130</u> If a shareholders' general meeting approves proposals concerning the distribution of dividends, bonus shares or increase of share capital by means of converting capital common reserve fund, the Company shall execute detailed plans two months after the conclusion of the shareholders' general meeting.
Chapter 9 Special Voting Procedures for Shareholders of Different Categories	Chapter 9 Special Voting Procedures for Shareholders of Different Categories
Article 94 Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders at a general meeting, and by the class shareholders so affected at a separate meeting conducted according to Articles 95 to 99.	Article 94 132 Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders at a general meeting, and by the class shareholders so affected at a separate meeting conducted according to Articles 134 95 to 138 99 .

Current Articles	Amended Articles
<p>Article 96 The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting of shareholders, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in Clauses (2) to (8), (11) to (12) of Article 94, but interested shareholder(s) shall not be entitled to vote in class meetings. An “interested shareholder” as used in this Article, shall mean:</p> <p>(1) in the case of a repurchase of shares by offers to all shareholders of the Company or by open dealing on a stock exchange pursuant to Article 31 of the Articles of Association, a “controlling shareholder” as defined in Article 61;</p> <p>(2) in the case of a repurchase of shares by an off-market agreement pursuant to Articles 31 of the Articles of Association, a holder of the shares to which the proposed agreement relates;</p> <p>(3) in the case of a restructuring of the Company, an “interested shareholder” would mean a shareholder who assumes less liability than any shareholders of the same class or who has an interest in the proposed restructuring different from the interests of shareholders of the same class.</p>	<p>Article 13496 The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting of shareholders, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in Clauses (2) to (8), (11) to (12) of Article 13394, but interested shareholder(s) shall not be entitled to vote in class meetings. An “interested shareholder” as used in this Article, shall mean:</p> <p>(1) in the case of a repurchase of shares by offers to all shareholders of the Company or by open dealing on a stock exchange pursuant to Article 3133 of the Articles of Association, a “controlling shareholder” as defined in Article 6661;</p> <p>(2) in the case of a repurchase of shares by an off-market agreement pursuant to Articles 3133 of the Articles of Association, a holder of the shares to which the proposed agreement relates;</p> <p>(3) in the case of a restructuring of the Company, an “interested shareholder” would mean a shareholder who assumes less liability than any shareholders of the same class or who has an interest in the proposed restructuring different from the interests of shareholders of the same class.</p>

Current Articles	Amended Articles
<p>Article 97 A resolution in a class meeting shall be passed by votes representing two thirds or more of the voting rights of shareholders of that class in the relevant meeting who are entitled to vote at the class meetings according to Article 95.</p>	<p>Article 13597 A resolution in a class meeting shall be passed by votes representing two thirds or more of the voting rights of shareholders of that class in the relevant meeting who are entitled to vote at the class meetings according to Article <u>133</u>95.</p>
<p>Article 100 Apart from the holders of other classes of shares, holders of domestic shares and holders of non-listed foreign shares shall be deemed to be of the same class; holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be of different classes; and holders of non-listed foreign shares and holders of overseas listed foreign shares shall be deemed to be of different classes.</p> <p>In the case of authorization, allocation or issue of shares, the special procedures for voting of class shareholders shall not apply under the following circumstances:</p> <p>(1) where, upon approval by a special resolution passed at a Shareholders' Meeting (subject to the unconditional authorization or the terms and conditions stipulated in the resolution), the Company authorizes, allocates or issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve months, and the number of each of the domestic shares and overseas listed foreign shares so issued does not exceed 20% of the number of the respective outstanding shares;</p> <p>(2) where such shares are part of a plan of the Company to issue domestic shares or overseas listed foreign shares at its establishment, which has been completed within 15 months of the approval by the Securities Commission of the State Council or other competent regulatory bodies under the State Council.</p>	<p>Article 100138 Apart from the holders of other classes of shares, holders of domestic shares and holders of non-listed foreign shares shall be deemed to be of the same class; holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be of different classes; and holders of non-listed foreign shares and holders of overseas listed foreign shares shall be deemed to be of different classes.</p> <p>In the case of authorization, allocation or issue of shares, the special procedures for voting of class shareholders shall not apply under the following circumstances:</p> <p>(1) where, upon approval by a special resolution passed at a Shareholders' Meeting (subject to the unconditional authorization or the terms and conditions stipulated in the resolution), the Company authorizes, allocates or issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve months, and the number of each of the domestic shares and overseas listed foreign shares so issued does not exceed 20% of the number of the respective outstanding shares;</p> <p>(2) where such shares are part of a plan of the Company to issue domestic shares or overseas listed foreign shares at its establishment, which has been completed within 15 months of the approval by the Securities Commission of the State Council or other competent regulatory bodies under the State Council; <u>or</u></p> <p>(3) <u>after being approved by the State Council authorities supervising and regulating the securities, the shareholders of domestic invested shares can transfer their shares to investors outside the People's Republic of China and such shares can be listed outside the People's Republic of China. If such shares are listed at securities exchange(s) outside the People's Republic of China, the supervising and regulating procedures, rules and requirements of the securities exchange(s) outside the People's Republic of China shall be complied with.</u></p>

Current Articles	Amended Articles
Chapter 10 the meetings of the board of directors.	Chapter 10 the meetings of the board of directors.
	<p><u>Article 139</u> A company director is a natural person. The director is elected or replaced by a shareholders' general meeting. Directors need not be the Company's shareholders. Directors include executive directors and non-executive directors, and non-executive directors include independent directors. Executive directors refer to directors who serve at other posts at the Company except as directors, and non-executive directors serve no other posts except as directors. Independent directors refer to people qualified as independent directors in accordance with the provisions of laws and regulations.</p>
<p>Article 101 The Company shall establish the Board of Directors consisting of 9 Directors, of which one is the Chairman, one is the Vice Chairman and four are independent non-executive Directors, being the Directors who are independent of the shareholders of the Company and do not hold any positions in the Company.</p> <p>At the re-election of the Board of Directors, external Directors, being the Directors who do not hold any positions in the Company, shall account for more than half of Directors. There shall be no less than one third of independent non-executive Directors in the Board of Directors.</p>	<p>Article 101 The Company shall establish the Board of Directors consisting of 9 Directors, of which one is the Chairman, one is the Vice Chairman and four are independent non-executive Directors, being the Directors who are independent of the shareholders of the Company and do not hold any positions in the Company.</p> <p>At the re-election of the Board of Directors, external Directors, being the Directors who do not hold any positions in the Company, shall account for more than half of Directors. There shall be no less than one third of independent non-executive Directors in the Board of Directors.</p>

Current Articles	Amended Articles
<p>Article 102 Directors shall be elected at the Shareholders' Meeting, with a term of office of three years. Upon the expiry of the term of office, Directors are eligible for re-election. Directors shall be elected at the Shareholders' Meeting among candidates nominated by the Board of Directors or by shareholder(s) holding 3% or more of the shares of the Company in issue. A written notice of the intention of nomination of a Director candidate and of his willingness to be elected shall be sent to the Company seven days prior to the date of the Shareholders' Meeting. The minimum length of period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be no less than 7 days, which shall commence on the date following the date of the notice of the Shareholders' Meeting. The Chairman and the Vice Chairman shall be elected and removed by the majority of Directors. The Chairman and the Vice Chairman shall hold office for a period of three years and are eligible for re-election.</p> <p>A Director does not need to hold any shares in the Company.</p> <p>Subject to laws and administrative regulations, shareholders may remove by ordinary resolution at a Shareholders' Meeting any Director whose term of office has not expired, without prejudice to any claims as may be brought in accordance with any agreement.</p>	<p>Article 102-140 Directors shall be elected at the Shareholders' Meeting, with a term of office of three years. <u>Upon the expiry of the term of office, Directors are eligible for re-election. A director may serve consecutive terms if reelected upon the expiration of his term. Before a director's period of service expires, the shareholders' general meeting cannot terminate his duties without a reason.</u></p> <p><u>A director's period of service commences from the date he takes up the appointment, until the current term of service of board of directors completes. If a directors' period of service expires but new directors are not yet appointed, before the newly elected director takes up appointment, the original director(s) shall still carry out directors' duties according to the law, administrative regulations, department regulations and these Articles.</u></p> <p><u>A Director may concurrently hold the position of General Manager or any other senior executive officer, provided that the total number of Directors holding such positions and Directors from staff representatives does not exceed one half of all Directors of the Company.</u></p> <p>Directors shall be elected at the Shareholders' Meeting among candidates nominated by the Board of Directors or by shareholder(s) holding 3% or more of the shares of the Company in issue. A written notice of the intention of nomination of a Director candidate and of his willingness to be elected shall be sent to the Company seven days prior to the date of the Shareholders' Meeting. The minimum length of period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be no less than 7 days, which shall commence on the date following the date of the notice of the Shareholders' Meeting. The Chairman and the Vice Chairman shall be elected and removed by the majority of Directors. The Chairman and the Vice Chairman shall hold office for a period of three years and are eligible for re-election.</p> <p>A Director does not need to hold any shares in the Company.</p> <p>Subject to laws and administrative regulations, shareholders may remove by ordinary resolution at a Shareholders' Meeting any Director whose term of office has not expired, without prejudice to any claims as may be brought in accordance with any agreement.</p>

Current Articles	Amended Articles
New Article	<p><u>Article 141</u> The director shall comply with the law, administrative regulations and the Articles. He has the following duties of due diligence towards the company:</p> <ol style="list-style-type: none"> <u>1</u> He should be careful, serious and diligent in exercising his authorities conferred by the Company, in order to ensure that the business activities of the Company comply with the state law, administrative regulations and various economic policy requirements of the state, and the business activities cannot exceed the scope of activities specified by the business license; <u>2</u> He shall treat all shareholders fairly; <u>3</u> He shall carefully read the business and financial reports of the Company and understand the business operation and management circumstances of the Company in a timely manner; <u>4</u> He shall sign as confirmation on the periodic reports of the Company. He shall ensure that the information disclosed by the Company is true, accurate, and complete; <u>5</u> He shall truthfully supply relevant circumstances and information to the board of supervisors, and shall not interfere with the exercising of duties by the board of supervisors or supervisors; <u>6</u> Other due diligence duties specified by the law, administrative regulations, department regulations and the Articles.

Current Articles	Amended Articles
New Article	<p><u>Article 142 If a director cannot personally attend two consecutive meetings, and does not appoint other directors to attend board of directors' meeting, he is treated as not being able to carry out his duties. The board of directors should recommend to replace him at the shareholders' general meeting.</u></p> <p><u>In respect of nominating candidates for directors and the candidates' willingness of accepting the nomination, the term of the written notice to the Company shall be not less than 7 days. The commencing date of the said term shall not be earlier than the first day after the issuance of the notice of the shareholders' general meeting and the expiry date thereof shall be no later than 7 days prior to the holding of the shareholders' general meeting.</u></p> <p><u>The director can resign before the expiry of his term of service. When a director resigns, he should submit a written resignation report to the board of directors. The board of directors should disclose the relevant circumstances within 2 days.</u></p> <p><u>If the members of the board of directors fall below the minimum legal requirement due to a director's resignation, before a newly elected director commences appointment, the original director(s) should still carry out the director's duties according to the law, administrative regulations, departmental regulations and the Articles.</u></p> <p><u>Except as specified in the last paragraph, the director's resignation takes effect when his resignation report is delivered to the board of directors.</u></p>
New Article	<p><u>Article 143 Any person who is appointed as a director by the board of directors to fill the temporary vacancy of the board of directors or the added position at the board of directors, shall serve the office until the next shareholders' general meeting and will have the qualification to continue his service by way of re-election.</u></p>
New Article	<p><u>Article 144 When a director causes losses suffered by the Company due to his unauthorized absence, he shall bear liabilities to compensate. If a director cannot resign due to his unfinished duties to the Company or the unfinished audit, he shall bear liabilities to compensate for the losses caused by his unauthorized absence to the Company.</u></p>
New Article	<p><u>Article 145 In the absence of a legal authorization by the Articles or by the board of directors, no director can use his personal capacity to represent the Company or the board of directors. When a director makes use of his personal capacity, but would allow a third party to reasonably think that the director is representing the Company or the board of directors, that director should declare his position and capacity in advance.</u></p>

Current Articles	Amended Articles
New Article	<u>Article 146</u> When a director contravenes the law, administrative regulations, department regulations or the Articles when carrying out his duties, causing losses to the Company, he shall bear liabilities to compensate.
New Article	<u>Article 147</u> The requirements on the qualification, nomination, resignation of an independent director shall be carried out in accordance with the law, administrative regulations, department regulations and the Articles.
New Article	<u>Article 148</u> The Company shall establish a board of directors. The board of directors shall be accountable to the shareholders' general meeting. The board of directors shall be composed of 9 directors, which shall include one chairman of the board and one vice chairman of the board. The chairman of the board and the vice chairman of the board shall be elected by more than half of all the directors.
<p>Article 103 The Board of Directors shall be accountable to the shareholders at general meetings, and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to be responsible for the convening of and reporting to the Shareholders Meeting; (2) to implement the resolutions passed by the Shareholders' Meeting; (3) to determine the Company's business plans and investment proposals; (4) to formulate the Company's preliminary and final annual financial budgets; (5) to formulate the Company's profit distribution proposal and loss recovery proposal; (6) to make plans for the Company's increasing or decreasing its registered capital and issuing bonds; (7) to formulate plans for the Company's merger, division, or dissolution; (8) to decide on the Company's internal management structure; (9) to appoint or remove the Company's General Manager and to engage or remove the Company's deputy general manager and other members of senior management including the chief financial officer, and to decide on their remuneration and payment method; (10) to formulate the Company's basic management system; (11) to formulate proposals for any amendment to the Company's Articles of Association; 	<p>Article 103-149 The Board of Directors shall be accountable to the shareholders at general meetings, and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to be responsible for the convening of and reporting to the Shareholders Meeting; (2) to implement the resolutions passed by the Shareholders' Meeting; (3) to determine the Company's business plans and investment proposals; (4) to formulate the Company's preliminary and final annual financial budgets; (5) to formulate the Company's profit distribution proposal and loss recovery proposal; (6) to make plans for the Company's increasing or decreasing its registered capital and issuing bonds or other securities and to make <u>plans for listing</u>; (7) to formulate plans for the Company's merger, division, or dissolution, <u>significant takeovers, purchase of shares of Fuguinia Co., or changing the structure of the company</u>; (8) to decide on the Company's internal management structure; (9) to appoint or remove the Company's General Manager and to engage or remove the Company's deputy general manager and other members of senior management including the chief financial officer and the <u>secretaries to the board of directors, and to decide on their remuneration and payment and disciplinary method</u>;

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>(12) to exercise any other functions and powers conferred upon by the Articles of Association or the Shareholders' Meeting of the Company. Resolutions regarding Clause (6), Clause (7) and Clause (11) above shall be passed by over two thirds of the total number of the Directors, and resolutions in relation to the rest of the circumstances above shall be passed by over half of the total number of the Directors. Where the number of vacancy of Directors is not more than the number specified by the Company Law or not less than two thirds of the number of Directors prescribed by the Articles of Association, the Board of Directors has the power to appoint any person as a Director to fill the causal vacancy, and any person to be appointed as a Director to fill a casual vacancy of the Board of Directors shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.</p> <p>The Company must provide necessary information to external Directors for them to perform their duties.</p> <p>Independent non-executive Directors may report any information directly to shareholders at the Shareholders' Meeting or to the China Securities Regulatory Commission or the relevant regulatory authorities.</p>	<p>(10) to formulate the Company' s basic management system;</p> <p>(11) to formulate proposals for any amendment to the Company' s Articles of Association;</p> <p><u>(12) within the scope authorized by the shareholders' general meeting, to decide the Company's external investment, purchase and sale of assets, offering assets as securities, external guarantees, appointment to manage finance or to manage associated transactions;</u></p> <p>to exercise any other functions and powers conferred upon by the Articles of Association or the Shareholders' Meeting of the Company.</p> <p><u>(13) to manage the disclosure of information by the Company;</u></p> <p><u>(14) to suggest to the board of directors on the hiring or replacement of the auditors of the Company;</u></p> <p><u>(15) to receive the working reports of the general manager and examine his work;</u></p> <p><u>(16) other duties authorized by the law, administrative regulations, departmental regulations, or the Articles.</u></p> <p><u>Matters beyond the scope of authorization of the shareholders' general meeting should be submitted to the shareholders' general meeting for discussion.</u></p> <p><u>Resolutions regarding Clause (6), Clause (7) and Clause (11) above shall be passed by over two thirds of the total number of the Directors, and resolutions in relation to the rest of the circumstances above shall be passed by over half of the total number of the Directors. Unless otherwise required by the laws, administrative regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and the internal rules of the Company.</u></p>

Current Articles	Amended Articles
	<p>Where the number of vacancy of Directors is not more than the number specified by the Company Law or not less than two thirds of the number of Directors prescribed by the Articles of Association, the Board of Directors has the power to appoint any person as a Director to fill the causal vacancy, and any person to be appointed as a Director to fill a casual vacancy of the Board of Directors shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.</p> <p>The Company must provide necessary information to external Directors for them to perform their duties.</p> <p>Independent non-executive Directors may report any information directly to shareholders at the Shareholders' Meeting or to the China Securities Regulatory Commission or the relevant regulatory authorities.</p>
New Article	<p><u>Article 151</u> The board of directors of the Company should explain the financial report of the Company to the shareholders' general meeting whenever a registered accountant presents an opinion other than a standard audit opinion.</p>
New Article	<p><u>Article 152</u> The Board shall formulate the rules of procedure for Board meetings and the rules shall be subject to approval of a Shareholders' general meeting.</p>
<p>Article 105 The Chairman of the Board shall exercise the following powers and functions:</p> <ol style="list-style-type: none"> (1) to preside over Shareholders' Meeting and to convene and preside over meetings of the Board of Directors; (2) to inspect the implementation of resolutions passed by the Directors at the meetings of the Board of Directors; (3) to sign the certificates of any securities issued by the Company; (4) to exercise other powers and functions conferred upon by the Board. <p>If the Chairman of the Board fails to exercise the powers and functions, the Vice Chairman shall exercise the same on behalf of the Chairman of the Board.</p>	<p>Article 105153 The Chairman of the Board shall exercise the following powers and functions:</p> <ol style="list-style-type: none"> (1) to preside over Shareholders' Meeting and to convene and preside over meetings of the Board of Directors; (2) to inspect the implementation of resolutions passed by the Directors at the meetings of the Board of Directors; (3) to sign the certificates of any securities issued by the Company; (4) to exercise other powers and functions conferred upon by the Board. <p><u>The vice chairman assists the chairman of the board of directors. If the Chairman of the Board fails to exercise the powers and functions, the Vice Chairman shall exercise the same on behalf of the Chairman of the Board. If the vice chairman cannot or does not carry out his duties, more than half of the directors will nominate a director to carry out the duties.</u></p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>Article 106 The Board of Directors shall meet regularly and at least 4 Board meetings shall be held each year, approximately once for each quarter. The Board meetings shall be convened by the Chairman and notice of at least 14 days shall be given of a regular Board meeting to give all Directors an opportunity to attend. For any other Board meetings to be convened to discuss any emergency matters, such meetings shall be convened by 3 or more Directors or the Chairman and a notice of a reasonable period shall be given. A regular Board meeting does not include the practice of obtaining the consent of the Board of Directors through the circulation of written resolutions.</p> <p>Notice of statutory period shall be given to all Directors for all significant matters requiring the decision-making of the Board of Directors, and sufficient information shall also be provided. When more than one quarter of the Directors or two or more external Directors consider that there is insufficient information or that arguments proposed are imprecise, they may jointly propose that the Board meeting be postponed or that some of the matters to be discussed at the Board meeting be discussed at a later time. Under such circumstances, the Board of Directors shall accept the proposal.</p>	<p>Article 154106 The Board of Directors shall meet regularly and at least 4 Board meetings shall be held each year, approximately once for each quarter. The Board meetings shall be convened by the Chairman and <u>written notice of at least 14 days shall be given of a regular Board meeting to give all the directors and the board of supervisors. Shareholders holding more than 1/10 voting rights, more than 1/3 of the directors or the board of supervisors, general manager, chairman of the board of directors, more than 2 independent directors can suggest the holding of an extraordinary meeting of the board of directors. The chairman of the board of directors shall, within 10 days of receipt of the suggestion, convene and hold the board of directors' meeting.</u></p> <p>notice of at least 14 days shall be given of a regular Board meeting to give all Directors an opportunity to attend. For any other Board meetings to be convened to discuss any emergency matters, such meetings shall be convened by 3 or more Directors or the Chairman and a notice of a reasonable period shall be given. A regular Board meeting does not include the practice of obtaining the consent of the Board of Directors through the circulation of written resolutions.</p> <p>Notice of statutory period shall be given to all Directors for all significant matters requiring the decision-making of the Board of Directors, and sufficient information shall also be provided. When more than one quarter of the Directors or two or more external Directors consider that there is insufficient information or that arguments proposed are imprecise, they may jointly propose that the Board meeting be postponed or that some of the matters to be discussed at the Board meeting be discussed at a later time. Under such circumstances, the Board of Directors shall accept the proposal.</p>
New Article	Article 155 The notice of extraordinary meetings of the board of directors shall be delivered to all directors 5 days before the meetings are held.
Article 107 Written notices of Board meetings or special Board meetings shall be given by personal delivery, facsimile, express mail or registered airmail.	Article 157156 Written notices of <u>regular Board meetings or special Board meetings shall be given by personal delivery, facsimile, express mail or registered airmail.</u>
New Article	Article 157 The notice of Board meeting shall include: <ul style="list-style-type: none"> (1) <u>date and venue of the meeting;</u> (2) <u>period of the meeting;</u> (3) <u>reasons and agenda;</u> (4) <u>form of the meeting;</u> (5) <u>date of issuing the notice.</u>

Current Articles	Amended Articles
New Article	<p><u>Article 161</u> When a director has a significant interest in any contract or arrangement or other suggestions through himself or other associated people, he cannot vote on the resolution of the board of directors that are concerning with such matters, and he shall not be counted to calculate the legal number of directors present at the meeting. That director's meeting can be held if exceeding half of the unassociated directors attends. Resolutions made by the board of directors' meeting should be passed by exceeding half of the unassociated directors. If less than three unassociated directors are attending the board meeting, the matter should be submitted to the shareholders' general meeting for discussion. The definition and scope of associated directors shall be in accordance with the requirements of the securities exchange where the Company is listed.</p>
New Article	<p><u>Article 162</u> The method of voting at the board of directors' meeting is voting by raising hands or by registered ballot.</p> <p><u>In order to ensure that directors can fully express their opinions during extraordinary board of directors' meetings, the methods of faxing, passing around for perusal or teleconference can be used and voting is carried out, followed by signatures from directors attending the meeting.</u></p>
<p>Article 111 Directors shall attend Board meetings in person.</p> <p>Where a Director is unable to attend a Board meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall specify the extent of authorization. A Director appointed as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.</p> <p>Where a Director any of his associates is interested in a matter to be decided by the Board of Directors, he shall abstain from voting on such matter at the Boarding meeting. In deciding whether there is quorum for the Board meeting, such Directors shall not be counted.</p>	<p>Article 111–163 Directors shall attend Board meetings in person.</p> <p>Where a Director is unable to attend a Board meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall specify the extent of authorization. A Director appointed as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. <u>The instrument of entrustment shall specify the name of the entrusted person, the appointed issues, the scope of authority and the valid period, and shall be signed or sealed by the entrusting director. A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted.</u> Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.</p> <p>Where a Director any of his associates is interested in a matter to be decided by the Board of Directors, he shall abstain from voting on such matter at the Boarding meeting. In deciding whether there is quorum for the Board meeting, such Directors shall not be counted.</p>

Current Articles	Amended Articles
<p>Article 112 In respect of the matters examined on a special Board meeting, if the Board has delivered in written form the proposal to be voted to all Directors, and the number of the Directors who give their signatures and consent has constituted the quorum required for making a decision pursuant to Article 102, this proposal shall be taken as a written resolution of the Board, without the need to hold the Board meeting. Such written resolution shall be deemed to have the same legal effect as a resolution passed at a Board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.</p>	<p>Article 112-164 In respect of the matters examined on a special Board meeting, if the Board has delivered in written form the proposal to be voted to all Directors, and the number of the Directors who give their signatures and consent has constituted the quorum required for making a decision pursuant to Article 102108, this proposal shall be taken as a written resolution of the Board, without the need to hold the Board meeting. Such written resolution shall be deemed to have the same legal effect as a resolution passed at a Board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.</p>
<p>Article 113 The Board of Directors shall maintain minutes of resolutions passed at meetings of the Board of Directors. The minutes shall be signed by all the Directors present at the meeting and the person who recorded the minutes. The Directors shall assume liability for any resolutions of the Board of Directors. In the event that a resolution of the Board of Directors violates laws, administrative regulations or the Articles of Association resulting in the Company suffering serious loss, the directors who voted in favor of such a resolution shall compensate the Company for such loss. Notwithstanding the foregoing provision, in the event that it can be proven that a Director has expressly objected to such resolution in voting, and that such objection was recorded in the minutes of the meeting, such Director shall be duly released from such liability.</p> <p>The opinions expressed by independent non-executive Directors shall be included in the resolution of the Board of Directors. Connected transactions of the Company shall not be effective without the signature of at least two independent non-executive Directors.</p>	<p>Article 165-113 The Board of Directors shall maintain minutes of resolutions passed at meetings of the Board of Directors. The minutes shall be signed by all the Directors present at the meeting and the person who recorded the minutes. The Directors shall assume liability for any resolutions of the Board of Directors. In the event that a resolution of the Board of Directors violates laws, administrative regulations or the Articles of Association resulting in the Company suffering serious loss, the directors who voted in favor of such a resolution shall compensate the Company for such loss. Notwithstanding the foregoing provision, in the event that it can be proven that a Director has expressly objected to such resolution in voting, and that such objection was recorded in the minutes of the meeting, such Director shall be duly released from such liability.</p> <p>The opinions expressed by independent non-executive Directors shall be included in the resolution of the Board of Directors. Connected transactions of the Company shall not be effective without the signature of at least two independent non-executive Directors. <u>Minutes of board of directors' meeting shall be kept as a company file for not less than 10 years.</u></p>
<p>New Article</p>	<p>Article 166 <u>Minutes of a board of directors' meeting includes the following contents:</u></p> <ol style="list-style-type: none"> (1) <u>Date and place of the meeting as well as the name of the convener;</u> (2) <u>Names of directors attending the meeting and names of directors (representatives) appointed by other directors to attend;</u> (3) <u>Agenda of the meeting;</u> (4) <u>Main points of directors' speeches;</u> (5) <u>Methods and results of voting on each resolution (the voting results should clearly contain the number of votes consenting, objecting and abstaining).</u>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
Chapter 12 General Manager	Chapter 12 General Manager and Other Senior Management Staff
<p>Article 117 The Company shall have one General Manager, who shall be appointed or removed by the Board of Directors.</p>	<p>Article 117-170 The Company shall have one General Manager, who shall be appointed or removed by the Board of Directors.</p> <p><u>The Company shall have several vice general manager who shall be appointed or dismissed by the board of directors.</u></p> <p><u>General manager, vice general manager, financial controller, and secretary to the board of directors belong to senior management staff of the Company.</u></p> <p><u>A person holding a post, other than a director or a supervisor, in the organization of the controlling shareholder or the de facto controller of the Company, cannot become senior executive officer of the company.</u></p> <p><u>The general manager’s term of appointment is 3 years. The general manager can be reappointed upon the expiration of his term.</u></p>
<p>Article 118 The General Manager shall be held accountable to the Board of Directors and exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to operate and manage the Company as well as implement resolutions of the Board; (2) to implementing the Company’s annual operation and investment plan; (3) to make plans for the structuring of the Company’s internal management departments; (4) to formulate the Company’s basic management system; (5) to formulate regulations for the Company; (6) to propose to appoint or remove Vice General Managers and other members of senior management (including the chief financial officer); (7) to appoint or remove management staff except those that shall be appointed or removed by the Board; (8) to exercise other functions and powers conferred upon by the Articles of Association and the Board. 	<p>Article 118171 The General Manager shall be held accountable to the Board of Directors and exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to operate and manage the Company as well as implement resolutions of the Board <u>and report his work to the board of directors;</u> (2) to implementing the Company’s annual operation and investment plan; (3) to make plans for the structuring of the Company’s internal management departments; (4) to formulate the Company’s basic management system; (5) to formulate regulations for the Company; (6) to propose to appoint or remove Vice General Managers and other members of senior management (including the chief financial officer); (7) to appoint or remove management staff except those that shall be appointed or removed by the Board; (8) to exercise other functions and powers conferred upon by the Articles of Association and the Board.

Current Articles	Amended Articles
New Article	<p><u>Article 172</u> The manager shall formulate the detailed working regulations of the general manager and submit the same to the board of directors for approval. The detailed working regulations of the general manager include the following:</p> <ol style="list-style-type: none"> (1) <u>Conditions, procedures and the number of participants for holding general manager's meetings;</u> (2) <u>Respective duties and division of labor of general manager and other senior executive officers;</u> (3) <u>Limits of authority in using company funds and assets as well as the signing of significant contracts, together with the reporting system to the board of directors and the board of supervisors;</u> (4) <u>Other matters considered necessary by the board of directors.</u>
<p>Article 120 The General Manager shall exercise his functions and powers in accordance with the laws and regulations and the Articles of Association on a basis of honesty and diligence.</p>	<p>Article 120174 The General Manager shall exercise his functions and powers in accordance with the laws and regulations and the Articles of Association on a basis of honesty and diligence. <u>The general manager can submit his resignation before the expiry of his term of service. The actual procedure and method concerning general manager's resignation shall be regulated by the employment contract between the general manager and the Company.</u></p>
New Article	<p>Article 175 <u>Vice general managers shall be nominated by the general manager and decided by the board of directors. Vice general managers assist the general manager with the work of the Company. They are led by the general manager and responsible to the general manager.</u></p>

Current Articles	Amended Articles
Chapter 13 The Board of Supervisors	Chapter 13 The Board of Supervisors
<p>New Article</p>	<p><u>Article 176 The Company’s directors, general manager and other senior management staff may not serve concurrently as supervisors. The term of office of a supervisor shall be 3 years. A supervisor may serve consecutive terms if reelected upon the expiration of his term. When a supervisor’s term of service expires but a new supervisor is not yet appointed, or when a supervisor resigns during his term of service, leading to the number of members in the board of supervisors falling below the legally prescribed number, and before the newly appointed supervisor takes up his appointment, the original supervisor should still carry out his duties according to the law, administrative regulations and the Articles.</u></p> <p><u>A supervisor can be present at a board of directors’ meeting. He can also question or make suggestions concerning proposed resolutions at the meeting.</u></p>
<p>Article 122 The Board of Supervisors shall consists of 3 Supervisors, one of whom shall be appointed as the Chairman of Board of Supervisors. At the re-election of the Board of Supervisors, the number of external Supervisors shall exceed half of the Supervisors, and there shall be at least two independent Supervisors. The term of office for a Supervisor is 3 years, and the Supervisor may be reappointed at the expiry of the term of office. The appointment and removal of the Chairman of Board of Supervisors shall be by votes of over two thirds of the Supervisors.</p>	<p>Article 122178 The Board of Supervisors shall consists of 3 Supervisors, one of whom shall be appointed as the Chairman of Board of Supervisors. <u>If the chairman cannot or does not carry out his duties, two-thirds or more of the supervisors will nominate a supervisor to convene and conduct the meeting of the board of supervisors.</u> At the re-election of the Board of Supervisors, the number of external Supervisors shall exceed half of the Supervisors, and there shall be at least two independent Supervisors. The term of office for a Supervisor is 3 years, and the Supervisor may be reappointed at the expiry of the term of office. The appointment and removal of the Chairman of Board of Supervisors shall be by votes of over two thirds of the Supervisors.</p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
<p>Article 126 The Board of Supervisors shall be held accountable to the Shareholders’ Meeting and exercise the following functions and powers in accordance with the laws:</p> <p>(1) to review the Company’s financial affairs;</p> <p>(2) to supervise the work of the Directors, General Manager and other members of senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of the Shareholders’ Meeting;</p> <p>(3) to demand redress from Directors, General Manager or any other members of senior management should their acts be deemed against the Company’s interests;</p> <p>(4) to review such financial information as the financial statements, business reports and any plans for distribution of profits to be submitted by the Board of Directors to the Shareholders’ Meeting, and to retain, on the Company’s behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;</p> <p>(5) to propose the convening of extraordinary general meetings;</p> <p>(6) to coordinate with Directors on behalf of the Company or initiate legal proceedings against the Directors;</p> <p>(7) to perform and exercise other functions and powers designated by shareholders at Shareholders’ Meetings.</p> <p>The Board of Supervisors may report any information directly to the China Securities Regulatory Commission or the relevant regulatory authorities.</p> <p>External Supervisors shall report on the performance of member of senior management of the Company in respect of faith and diligence at the Shareholders’ Meeting.</p>	<p>Article 126182 The Board of Supervisors shall be held accountable to the Shareholders’ Meeting and exercise the following functions and powers in accordance with the laws:</p> <p>(1) to review the Company’s financial affairs;</p> <p>(2) to supervise the work of the Directors, General Manager and other members of senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of the Shareholders’ Meeting;</p> <p>(3) to demand redress from Directors, General Manager or any other members of senior management should their acts be deemed against the Company’s interests <u>and suggest the removal of directors or senior executive officers who contravene the law, administrative regulations, the Articles or resolutions of shareholders’ general meetings;</u></p> <p>(4) to review such financial information as the financial statements, business reports and any plans for distribution of profits to be submitted by the Board of Directors to the Shareholders’ Meeting, and to retain, on the Company’s behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;</p> <p>(5) to propose the convening of extraordinary general meetings, <u>and, when the board of directors does not convene or hold shareholders’ general meetings as required by the Company Law, to convene or hold shareholders’ general meetings;</u></p> <p>(6) to coordinate with Directors on behalf of the Company or initiate legal proceedings against the Directors;</p> <p><u>(7) it should examine and submit written opinions on the periodical company reports prepared by the board of directors;</u></p> <p><u>(8) to present proposed resolutions to the shareholders’ general meetings;</u></p> <p><u>(9) to start legal action against directors and senior executive officers in accordance with Article 152 of the Company Law;</u></p> <p><u>(10) (7)</u> to perform and exercise other functions and powers designated by shareholders at Shareholders’ Meetings. A supervisor can attend the board meetings as a non-voting attendee.</p>

Current Articles	Amended Articles
	<p>The Board of Supervisors may report any information directly to the China Securities Regulatory Commission or the relevant regulatory authorities.</p> <p>External Supervisors shall report on the performance of member of senior management of the Company in respect of faith and diligence at the Shareholders' Meeting.</p>
New Article	<p><u>Article 186 Meetings of the board of supervisors shall be held at least once every 6 months. Supervisors can propose to hold extraordinary meeting of the board of supervisors. The meetings of the board of supervisors can be held by way of site meetings, written meetings by fax or teleconference.</u></p> <p><u>The election or dismissal of the chairman of the board of supervisors shall be passed by two-thirds or more of the supervisors. The resolutions of the board of supervisors shall be passed by two-thirds or more of the supervisors.</u></p>
New Article	<p><u>Article 187 The board of supervisors will set out regulations for meetings. It should clearly specify meeting method and voting procedure of the board, in order to ensure the working efficiency and the making of scientific decisions.</u></p>
New Article	<p><u>Article 188 The board of supervisors should prepare minutes of meeting on decisions of matters discussed. Supervisors attending the meeting should sign on the minutes.</u></p> <p><u>A supervisor is entitled to request the addition of some explanatory notes concerning his speech made during the meeting to the minutes. Minutes of the supervisory board meeting, as a company file, must be kept for at least 10 years.</u></p>
New Article	<p><u>Article 189 A notice to a supervisory board meeting includes the following contents:</u></p> <ol style="list-style-type: none"> <li data-bbox="815 1357 1302 1389">(1) <u>Dates, place, and period of the meeting;</u> <li data-bbox="815 1410 1203 1442">(2) <u>Reasons and discussion items;</u> <li data-bbox="815 1464 1070 1495">(3) <u>Form of meeting;</u> <li data-bbox="815 1517 1161 1549">(4) <u>Date of issuance of notice.</u>

Current Articles	Amended Articles
<p align="center">Chapter 14 Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management</p>	<p align="center">Chapter 14 Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management</p>
<p>Article 130 A person may not serve as Director, Supervisor, General Manager and one of the any other members of senior management of the Company if:</p> <ol style="list-style-type: none"> (1) he does not possess civil capacity or possess limited civil capacity; (2) he has been convicted for corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the social or economic order, in which less than a period of 5 years has lapsed since the sentence was served, or he has been deprived of his political rights and less than a period of 5 year has lapsed since the sentence was served; (3) he is a former Director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated due to poor operation and management and is personally liable for the dissolution or liquidation of such company or enterprise, where a period of less than 3 years has lapsed since the date of completion of the dissolution or liquidation of such Company or enterprise; (4) he is a former legal representative of a company or an enterprise the business license of which was revoked as a result of violation of laws and is personally liable for such revocation, where a period of less than 3 years has lapsed since the date of revocation of said business license; (5) he has a relatively substantial amount of debts which have become overdue; (6) he is currently under investigation by judicial authorities for violation of criminal law; (7) he is not permitted to act in the capacity of leader of an enterprise according to laws and administrative regulations; (8) he is not a natural person; (9) he has been determined by competent authorities for violation of applicable securities regulations and such conviction involves a finding that he has acted fraudulently or dishonestly, where a period of less than 5 years has lapsed from the date of such determination; 	<p>Article 130-190 A person may not serve as Director, Supervisor, General Manager and one of the any other members of senior management of the Company if:</p> <ol style="list-style-type: none"> (1) he does not possess civil capacity or possess limited civil capacity; (2) he has been convicted for corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the social or economic order, in which less than a period of 5 years has lapsed since the sentence was served, or he has been deprived of his political rights and less than a period of 5 year has lapsed since the sentence was served; (3) he is a former Director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated due to poor operation and management and is personally liable for the dissolution or liquidation of such company or enterprise, where a period of less than 3 years has lapsed since the date of completion of the dissolution or liquidation of such Company or enterprise; (4) he is a former legal representative of a company or an enterprise the business license of which was revoked as a result of violation of laws and is personally liable for such revocation, where a period of less than 3 years has lapsed since the date of revocation of said business license; (5) he has a relatively substantial amount of debts which have become overdue; (6) he is currently under investigation by judicial authorities for violation of criminal law; (7) he is not permitted to act in the capacity of leader of an enterprise according to laws and administrative regulations; (8) he is not a natural person; (9) he has been determined by competent authorities for violation of applicable securities regulations and such conviction involves a finding that he has acted fraudulently or dishonestly, where a period of less than 5 years has lapsed from the date of such determination;

Current Articles	Amended Articles
	<p>(10) <u>a person who has been prohibited from participating in the securities market by the securities regulatory authorities of the State Council, where such prohibition has not expired;</u></p> <p>(11) <u>other situations as provided by the laws and administrative regulations.</u></p> <p><u>For any election and appointment of a Director in contravention of the provisions herein, such election, appointment or employment shall be void and null. Where a Director falls into the circumstances set out herein during his/her term of office, the Company shall remove him/her from office.</u></p>
<p>Article 132 In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, each of the Company's Directors, Supervisors, General Manager and other senior management owe the following duties to each shareholder in the exercise of the functions and powers of the Company:</p> <p>(1) not to cause the Company to exceed the scope of business stipulated in its business license;</p> <p>(2) to act honestly in the best interests of the Company;</p> <p>(3) not to expropriate the Company's property in any manner, including (but not limited to) usurpation of beneficial opportunities to the Company;</p> <p>(4) not to expropriate the individual rights of shareholders, including (but not limited to) voting rights and distribution rights, except pursuant to a restructuring of the Company which has been submitted to the Shareholders' Meeting for approval in accordance with the Articles of Association.</p>	<p>Article 132–192 In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, each of the Company's Directors, Supervisors, General Manager and other senior management owe the following duties to each shareholder in the exercise of the functions and powers of the Company:</p> <p>(1) not to cause the Company to exceed the scope of business stipulated in its business license;</p> <p>(2) to act honestly in the best interests of the Company;</p> <p>(3) not to expropriate the Company's property in any manner, including (but not limited to) usurpation of beneficial opportunities to the Company;</p> <p>(4) not to expropriate the individual rights of shareholders, including (but not limited to) voting rights and distribution rights, except pursuant to a restructuring of the Company which has been submitted to the Shareholders' Meeting for approval in accordance with the Articles of Association.</p>
<p>Article 137 The shareholders may by informed decisions at the general meeting to discharge the liability of any Director, Supervisor, General Manager and any other members of senior management of the Company as a result of violation of any specific duty, except for the circumstances as specified in Article 62 hereof.</p>	<p>Article 137–197 The shareholders may by informed decisions at the general meeting to discharge the liability of any Director, Supervisor, General Manager and any other members of senior management of the Company as a result of violation of any specific duty, except for the circumstances as specified in Article 62–64 hereof.</p>

Current Articles	Amended Articles
<p>Article 146 The Company shall enter into a written contract with each Director, Supervisor and member of senior management containing at least the following:</p> <ol style="list-style-type: none"> (1) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with the Company Law, the Special Provisions, the Articles of Association and the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong as amended from time to time, and an agreement that the Company shall enjoy the remedies provided in the Articles of Association and that neither the contract or his office is capable of assignment; (2) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with and perform his obligations to shareholders under the Articles of Association; and (3) an arbitration cause provided in Article 190. 	<p>Article 146-206 The Company shall enter into a written contract with each Director, Supervisor and member of senior management containing at least the following:</p> <ol style="list-style-type: none"> (1) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with the Company Law, the Special Provisions, the Articles of Association and the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong as amended from time to time, and an agreement that the Company shall enjoy the remedies provided in the Articles of Association and that neither the contract or his office is capable of assignment; (2) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with and perform his obligations to shareholders under the Articles of Association; and (3) an arbitration cause provided in Article 190278.
<p>Article 148 Any contracts between the Company and its Directors or Supervisors with respect to their remuneration shall provide that the Directors and Supervisors shall, subject to the prior approval of Shareholders' Meeting, be entitled to receive compensation or other payment with respect to his loss of office or retirement in the event that the Company is to be acquired by others. For the purposes of this paragraph, the acquisition of the Company shall include any of the following:</p> <ol style="list-style-type: none"> (1) a general offer made by any person to all the shareholders; (2) an offer made by any person in anticipation of becoming a "controlling shareholder". The meaning of a "controlling shareholder" is defined as the same in Article 61 hereof. <p>In the event that the relevant Director or Supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum pro rata among such persons shall be borne by the relevant Director or Supervisor and shall not be deducted from such sum.</p>	<p>Article 148-208 Any contracts between the Company and its Directors or Supervisors with respect to their remuneration shall provide that the Directors and Supervisors shall, subject to the prior approval of Shareholders' Meeting, be entitled to receive compensation or other payment with respect to his loss of office or retirement in the event that the Company is to be acquired by others. For the purposes of this paragraph, the acquisition of the Company shall include any of the following:</p> <ol style="list-style-type: none"> (1) a general offer made by any person to all the shareholders; (2) an offer made by any person in anticipation of becoming a "controlling shareholder". The meaning of a "controlling shareholder" is defined as the same in Article 6166 hereof. <p>In the event that the relevant Director or Supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum pro rata among such persons shall be borne by the relevant Director or Supervisor and shall not be deducted from such sum.</p>

Current Articles	Amended Articles
Chapter 15 Financial Accounting System and Profit Distribution	Chapter 15 Financial Accounting System, Profit Distribution and Audit
<p>Article 153 The Company shall send by prepaid mail to each overseas listed foreign shareholder, at the address of such shareholder as shown in the register of shareholders, an annual report comprising the annual accounts and the relevant auditors' report at least 21 days prior to the date of every annual general meeting and within 4 months of the end of the financial year.</p>	<p>Article 153-213 <u>The Company shall send copies of the said reports together with the report of the board of directors to each holder of foreign invested shares listed outside the People's Republic of China by such methods prescribed in Article 264 20 days prior to an annual shareholders' general meeting. If sent by prepaid mail, it shall be sent to the recipient's address shown in the register of shareholders.</u> shall send by prepaid mail to each overseas listed foreign shareholder, at the address of such shareholder as shown in the register of shareholders, an annual report comprising the annual accounts and the relevant auditors' report at least 21 days prior to the date of every annual general meeting and within 4 months of the end of the financial year</p>
<p>Article 155 The interim results or financial information published 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 such accounting standards in the place of listing overseas.</p>	<p>Article 155-215 <u>The interim results or financial information published 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 such accounting standards in the place of listing overseas.</u></p> <p><u>The Company shall publish its annual financial report within four months after the conclusion of each fiscal year; its interim financial report within two months after the expiration of the first six months of each fiscal year; and its quarterly financial reports within one month after the expiration of the first three months and the first nine months of each fiscal year. The financial reports shall be disclosed in accordance with the relevant laws, administrative regulations and the requirements of competent regulatory authorities.</u></p>
<p>Article 157 The Company shall not establish account books other than those required by law.</p>	<p>Article 157-217 The Company shall not establish account books other than those required by law. <u>The assets of the Company shall not be deposited into any accounts opened in any individual's name.</u></p>

Current Articles	Amended Articles
<p>Article 158 The Company's after-tax profit shall be allocated in the following order:</p> <ol style="list-style-type: none"> (1) the making up of any loss; (2) allocation to the statutory reserve fund; (3) setting aside of any reserves in accordance with the resolution passed at the Shareholders' Meeting; (4) payment of ordinary share dividends. No profit shall be distributed as dividends or in any other form as bonus before making up losses and setting aside of the Company's statutory reserve fund. <p>Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the holder of such shares to participate in respect thereof in a dividend subsequently declared.</p> <p>The power to cease sending dividend warrants by post will not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.</p> <p>Subject to the laws and regulations of China and the rules of The Stock Exchange of Hong Kong Limited, the Company may exercise its power to forfeit unclaimed dividends, but only upon the expiry of the period for which the dividends can be claimed. With regard to the exercise of power to issue warrants in bearer form, no new warrants shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed. With regard to the right to dispose of the shares held by untraceable shareholders, such right may not be exercised except in the following circumstances: (1) during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and (2) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an announcement published in the newspapers and informs The Stock Exchange of Hong Kong Limited of its intention.</p>	<p>Article 158-218 The Company's after-tax profit shall be allocated in the following order:</p> <ol style="list-style-type: none"> (1) the making up of any loss; (2) allocation to the statutory reserve fund; (3) setting aside of any reserves in accordance with the resolution passed at the Shareholders' Meeting; (4) payment of ordinary share dividends. No profit shall be distributed as dividends or in any other form as bonus before making up losses and setting aside of the Company's statutory reserve fund. <p>Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the holder of such shares to participate in respect thereof in a dividend subsequently declared.</p> <p>The power to cease sending dividend warrants by post will not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.</p> <p>Subject to the laws and regulations of China and the rules of The Stock Exchange of Hong Kong Limited, the Company may exercise its power to forfeit unclaimed dividends, but only upon the expiry of the period for which the dividends can be claimed. With regard to the exercise of power to issue warrants in bearer form, no new warrants shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed. With regard to the right to dispose of the shares held by untraceable shareholders, such right may not be exercised except in the following circumstances: (1) during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and (2) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an announcement published in the newspapers and informs The Stock Exchange of Hong Kong Limited of its intention. When the Company is distributing after-tax profits of a particular year, it should allocate 10% of the profits into the legal reserve fund. If the cumulated legal reserve fund reaches more than 50% of the registered capital of the Company, no further allocation is necessary.</p>

Current Articles	Amended Articles
	<p><u>If the legal reserve fund of the Company cannot make up for the losses in the previous year, then before making the allocation mentioned in the preceding paragraph, profits of that year should first be used to make up for the losses.</u></p> <p><u>After the Company takes out the legal reserve fund from the after-tax profits, if resolved by the shareholders' general meeting, it can also take out an arbitrary reserve from the after-tax profits.</u></p> <p><u>After the Company makes up for losses and allocates reserves, the balance of the after-tax profits should be distributed according to the proportion of shares held by shareholders.</u></p> <p><u>If the shareholders' general meeting contravenes the provisions of the preceding paragraph by distributing profits to shareholders before making up for losses and allocating legal reserves, the shareholders must return the distributed profits which are against the said provisions to the Company.</u></p> <p><u>Shares of the Company held by the Company shall not participate in the distribution of profits.</u></p>
<p>Article 160 Reserves of the Company may be applied towards the following objectives:</p> <p>(1) making up of losses, except that capital reserves may not be used.</p> <p>(2) conversion into capital. In the case of conversion of statutory reserves into capital through capitalization, the balance of such balance shall not be reduced to below 25% of the registered capital of the Company prior to the conversion.</p> <p>(3) expansion of the Company's production and operation.</p>	<p>Article 160-220 Reserves of the Company may be applied towards the following objectives:</p> <p>(1) making up of losses, except that capital reserves may not be used.</p> <p>(2) conversion into capital. In the case of conversion of statutory reserves into capital through capitalization, the balance of such balance shall not be reduced to below 25% of the registered capital of the Company prior to the conversion.</p> <p>(3) expansion of the Company's production and operation. <u>The reserve of the Company is used to make up for the Company's losses, increase the production operation of the company or increase the Company's capital. However, capital reserve cannot be used to make up for the Company's losses.</u></p> <p><u>When legal reserve funds are converted into capital, the remaining balance of that reserve fund cannot be less than 25% of the registered capital of the Company before the conversion.</u></p>
New Article	<p>Article 221 <u>After the shareholders' general meeting has resolved on the plan to allocate profits, the board of directors should complete the distribution of dividends (or bonus shares) within 2 months of the meeting.</u></p> <p><u>Any payment for shares that have been paid before the call can be entitled to the distribution of profits, but no shareholders shall have the right to participate in the profits subsequently announced in respect of the prepayment for shares.</u></p>

Current Articles	Amended Articles
<p>Article 161 The dividend distribution plans of the Company shall be voted at the Shareholders' Meeting. After the Board of Directors takes into account the Company's financial position and subject to the relevant laws and regulations, shareholders may authorize by ordinary resolution the Board of Directors to distribute and pay dividends.</p>	<p>Article 161 The dividend distribution plans of the Company shall be voted at the Shareholders' Meeting. After the Board of Directors takes into account the Company's financial position and subject to the relevant laws and regulations, shareholders may authorize by ordinary resolution the Board of Directors to distribute and pay dividends.</p>
<p>Article 162 The Company may distribute its dividend in the form of:</p> <p>(1) cash;</p> <p>(2) shares.</p> <p>The power to forfeit any unclaimed dividends shall be exercised only upon the expiry of the period for which the dividends can be claimed.</p> <p>Article 163 Dividends in respect of ordinary shares shall be denominated and paid in Renminbi.</p> <p>Dividends in respect of domestic shares shall be paid in Renminbi. Dividends in respect of overseas listed foreign shares and other distributions shall be paid in the currency of the place of listing, and where there is more than one of such places, in the currency of the place of primary listing as determined by the Board of Directors. Dividends in respect of non-listed foreign shares shall be paid in Hong Kong dollars.</p> <p>Article 164 Dividends paid in foreign currency shall be converted at the average closing exchange rate quoted by the People's Bank of China for the week preceding the declaration of dividends and other distributions.</p>	<p>Article 162 The Company may distribute its dividend in the form of:</p> <p>(1) cash;</p> <p>(2) shares.</p> <p>The power to forfeit any unclaimed dividends shall be exercised only upon the expiry of the period for which the dividends can be claimed.</p> <p>Article 163 Dividends in respect of ordinary shares shall be denominated and paid in Renminbi.</p> <p>Dividends in respect of domestic shares shall be paid in Renminbi. Dividends in respect of overseas listed foreign shares and other distributions shall be paid in the currency of the place of listing, and where there is more than one of such places, in the currency of the place of primary listing as determined by the Board of Directors. Dividends in respect of non-listed foreign shares shall be paid in Hong Kong dollars.</p> <p>Article 164 Dividends paid in foreign currency shall be converted at the average closing exchange rate quoted by the People's Bank of China for the week preceding the declaration of dividends and other distributions.</p>

Current Articles	Amended Articles
New Article	<p><u>Article 222</u> The Company shall implement a consistent and stable profit distribution policy. On the premise of profitability and cash flow to satisfy the normal operations and long-term development of the Company, the Company shall ensure reasonable returns for the investors. The Board of Directors of the Company has formulated a dividend distribution policy as follows:</p> <p>(1) <u>Principle of profit distribution</u></p> <p><u>1.</u> The profit distribution policy of the Company shall fully take into consideration of the reasonable returns for the investors and shall maintain consistency and stability.</p> <p><u>2.</u> The profit distribution policy of the Company shall mainly take into account the long-term interest of the Company, the interest of all the shareholders as a whole and the sustainable development of the Company. Profit distribution shall not exceed the accumulated distributable profit nor damage the Company's ability to operate on an ongoing basis.</p> <p><u>3.</u> The Board of Directors, Board of Supervisors and the Shareholders' Meeting of the Company shall, in the decision-making and discussion process with respect to the profit distribution policy, fully take into account the opinions of the independent Directors and the public investors.</p> <p>(2) <u>Method of profit distribution</u></p> <p>The Company may distribute profit in the form of cash, shares, and by the combination of cash and shares or otherwise as permitted by the laws and regulations, and shall actively promote the distribution of profits in the form of cash. Where the Company records a profit in a given year and the accumulated distributable profit is positive in value, the Company shall make profit distribution in cash at least once every year. The Board of Directors of the Company may propose to the Company to make interim profit distribution based on the profitability and capital requirements of the Company. Where profit distribution is made in the form of shares, actual and reasonable factors such as the Company's growth and dilution of net assets per share shall be taken into account.</p>

Current Articles	Amended Articles
	<p>(3) <u>Conditions to be satisfied for cash dividend distribution:</u></p> <ol style="list-style-type: none"> <li data-bbox="890 327 1359 570">1. <u>Distributable profit achieved by the Company in such year (i.e. post-tax profit after offsetting losses and withdrawing public reserve funds) is positive in value, cash flow is abundant, and cash dividend distribution may not influence the Company's subsequent operation on an ongoing basis;</u> <li data-bbox="890 597 1359 704">2. <u>The auditing firm issues a standard unqualified audit report on the financial report of the Company for such year;</u> <li data-bbox="890 732 1359 859">3. <u>The Company has no such events as major investment plan or significant cash expenditure, excluding fundraising projects in the next 12 months.</u> <p><u>Major investment plan or significant cash expenditure refers to one of the following circumstances: (1) the proposed external investment, acquisition of assets or purchase of equipment by the Company in the next 12 months with accumulated expenses amounting to or exceeding 50% of the latest audited net assets of the Company and exceeding RMB50 million; (2) the proposed external investment, acquisition of assets or purchase of equipment by the Company in the next 12 months with accumulated expenses amounting to or exceeding 30% of the latest audited total assets of the Company.</u></p>

Current Articles	Amended Articles
	<p data-bbox="815 246 1353 300">(4) <u>Proportion and time interval of cash dividend distribution</u></p> <p data-bbox="890 325 1353 804"><u>Subject to satisfaction of the principle of profit distribution and cash dividend distribution, the profit to be distributed by the Company in cash each year shall be no less than 10% of the distributable profit achieved in a given year, and the accumulated profit to be distributed by the Company in cash for any three consecutive accounting years shall be no less than 30% of the average annual distributable profit achieved during such three years. The Board of Directors may propose to the Company to make interim cash dividend distribution based on the profitability and capital requirements of the Company. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.</u></p> <p data-bbox="890 836 1353 1123"><u>The Board of Directors of the Company, as authorized at the Shareholders' Meeting, shall take into account, among others, features of the industries where the Company operates, its development stages, business model, profitability and whether it has any significant capital expenditure plans and formulate a differentiated dividend distribution policy in accordance with the provisions set out below and procedures set out in the Articles of Association:</u></p> <ol data-bbox="890 1155 1353 1634" style="list-style-type: none"> <li data-bbox="890 1155 1353 1315">1. <u>If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividends shall be at least 80% in the profit distribution;</u> <li data-bbox="890 1347 1353 1474">2. <u>If the Company is at the mature stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 40% in the profit distribution;</u> <li data-bbox="890 1506 1353 1634">3. <u>If the Company is at the developing stage and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 20% in the profit distribution.</u> <p data-bbox="890 1666 1353 1793"><u>If it is difficult to determine the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the foregoing provisions.</u></p> <p data-bbox="890 1825 1353 1921"><u>The "proportion of cash dividends in the profit distribution" shall be calculated as the cash dividend divided by the sum of cash dividend and stock dividend.</u></p>

Current Articles	Amended Articles
	<p>(5) <u>Conditions for stock dividend distribution</u> <u>The Company may distribute profits in the form of stock dividend based on the accumulated distributable profits, reserves and cash flows, and on the premise that there is adequate cash dividend and a reasonable share capital structure of the Company. The proportion of distribution shall be considered and passed by the Board of Directors before submitting to the Shareholders' Meeting for consideration and approval.</u></p> <p>(6) <u>Where there is any illegal misappropriation of funds of the Company by any Shareholders, the Company shall deduct the cash dividends distributed to such Shareholder to offset the funds appropriated by such Shareholder.</u></p> <p>(7) <u>Decision-making procedures and mechanism for profit distribution</u></p> <p>1. <u>The profit distribution plan of the Company shall be formulated by the Board of Directors of the Company, which is subject to the consideration and approval by the Board of the Directors and the obtaining of consent from more than two-thirds of the independent Directors of the Company and the consideration and approval by the Board of Supervisors respectively before submitting to the Shareholders' Meeting of the Company for approval.</u></p>

Current Articles	Amended Articles
	<p data-bbox="890 251 1353 1129">2. <u>Procedures and requirements that are required to be fulfilled upon consideration and approval for profit distribution by the Board of Directors: The Board of Directors of the Company shall, after taking into account the actual operating statistics, scale of profitability, cash flow conditions, development plans and future funding requirements of the Company, as well as the opinions of the Shareholders (especially minority Shareholders) and the independent Directors, study and identify the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures for the cash dividend distribution of the Company in accordance with the profit distribution policy stated in the Articles of Association. Proposal of annual or interim profit distribution shall be submitted to the Shareholders' Meeting and implemented after its consideration and approval. The proposal of profit distribution must be passed by a simple majority of votes of the members of the Board of Directors before submitting to the Shareholders' Meeting for consideration and approval.</u></p> <p data-bbox="967 1157 1353 1449"><u>Independent Directors shall advise on the rationality of the profit distribution proposal and issue an explicit opinion on the details of the cash dividend distribution plan. Independent Directors may solicit opinions from the minority Shareholders and make proposal on dividend distribution and submit it to the Board of Directors for consideration and approval.</u></p>

Current Articles	Amended Articles
	<p data-bbox="890 246 1359 938">3. <u>Procedures and requirements that are required to be fulfilled upon consideration and approval for profit distribution plan by the Shareholders' Meeting; When details of the cash dividend distribution plan are considered at the Shareholders' Meeting, different channels should be used to proactively communicate and interact with the Shareholders, in particular, the minority Shareholders, and their opinions should be fully heard, and their concern addressed in a timely manner. The proposal of profit distribution proposed by the Board of Directors at the Shareholders' Meeting shall be voted in accordance with the laws and regulations. When the profit distribution plan is resolved at the Shareholders' Meeting of the Company, the Board of Directors of the Company must complete the dividend (or stock) distribution within 2 months from the convening of the Shareholders' Meeting.</u></p> <p data-bbox="890 970 1359 1364">4. <u>The profit distribution proposal prepared or revised by the Board of Directors shall be subject to consideration by the Board of Supervisors and approval by a simple majority of the Supervisors. If the Company records profit for the year but does not make a cash dividend plan, the Board of Supervisors shall explain and advise on the relevant policy and implementation progress of the plan. The Board of Supervisors shall supervise the implementation of the profit distribution plan and the dividend return plan.</u></p> <p data-bbox="890 1395 1359 1630">5. <u>The Company shall effectively protect the public shareholders' right to attend the Shareholders' Meeting. The Board of Directors, independent Directors and shareholders who have fulfilled certain conditions may solicit the voting rights from the Shareholders of the Company at the Shareholders' Meeting.</u></p>

Current Articles	Amended Articles
	<p data-bbox="815 246 1359 300">(8) <u>Adjustment mechanism of the profit distribution policy</u></p> <p data-bbox="890 327 1359 697">1. <u>Where the Company has to adjust the profit distribution policy based on the production and operating conditions, investment plans and long-term development needs or as a result of changes in the external operating environment, the Company shall, on the premise of safeguarding the interest of the Shareholders, ensure that the profit distribution policy after adjustment shall not be in breach of the requirements of the relevant laws, regulations and regulatory documents.</u></p> <p data-bbox="890 725 1359 1395">2. <u>The Board of Directors of the Company shall, after sufficient study and deliberation, propose the resolution regarding the adjustment of the profit distribution policy, where the independent Directors and the Board of Supervisors shall issue their opinions and submit to the Board of Directors of the Company for consideration and approval before submitting it to the Shareholders' Meeting for approval. The Company shall facilitate the public shareholders to attend the Shareholders' Meeting through such platforms as trading system operated by the stock exchange and internet voting system depending on the circumstances. The resolution regarding the adjustment of the profit distribution policy proposed at the Shareholders' Meeting must be passed by two-thirds of the voting rights held by the Shareholders attending the Shareholders' Meeting.</u></p> <p data-bbox="815 1423 1359 1476">(9) <u>Principle of utilization of the undistributed profits of the Company.</u></p> <p data-bbox="890 1504 1359 1847"><u>The undistributed profits set aside by the Company shall be mainly used for significant investments such as external investments, acquisition of assets or purchase of equipment and used as working capital for daily operations, as well as used to expand the scale of production and operation, optimize the corporate asset structure and financial structure, facilitate the effective and sustainable development of the Company, and achieve the growth plans and objectives of the Company to maximize the benefits of the Shareholders.</u></p>

Current Articles	Amended Articles
	<p>(10) <u>Information disclosure on profit distribution</u></p> <p>1. <u>The Company shall disclose the profit distribution plan and the plan of capitalization from capital reserve in the regular reports. The independent Directors shall issue their independent opinions in this regard.</u></p> <p>2. <u>The Company shall disclosure the progress of implementation of the profit distribution plan, plan of capitalization from capital reserve or issue of new shares taken place during the reporting period in the regular reports.</u></p> <p>3. <u>Where the Company recorded profits for the preceding accounting year but the Board has not yet formulated the proposal of cash dividend distribution or profit distribution is made in a proportion lower than the cash dividend proportion as stipulated in the Articles of Association, the reasons for non-distribution or distribution in a proportion lower than the cash dividend proportion as stipulated in the Articles of Association as well as the uses and proposed utilization of the undistributed profits set aside by the Company for purposes other than dividend distribution shall be explained in the regular reports in details. The independent Directors shall issue their independent opinions in this regard.</u></p>
<p>Article 165 The Company shall appoint a receiving agent for the shareholders of the overseas-listed foreign shares.</p> <p>Such receiving agent shall receive dividends of the overseas-listed foreign shares on behalf of such relevant shareholders, as well as all other amounts payable to such shareholders. The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places or the relevant regulations of the stock exchange in which the Company's shares are listed.</p> <p>The receiving agent appointed for shareholders of H shares listed in The Stock Exchange of Hong Kong Limited shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.</p>	<p>Article 165–223 The Company shall appoint a receiving agent for the shareholders of the overseas-listed foreign shares.</p> <p>Such receiving agent shall receive dividends of the overseas-listed foreign shares on behalf of such relevant shareholders, as well as all other amounts payable to such shareholders. The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places or the relevant regulations of the stock exchange in which the Company's shares are listed.</p> <p>The receiving agent appointed for shareholders of H shares listed in The Stock Exchange of Hong Kong Limited shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.</p> <p><u>If the Company is authorized the forfeiture right of unclaimed distribution of profits, such right shall not be implemented until the expiry of the relevant applicable limitation period.</u></p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
	<p><u>Article 224</u> The Company shall implement an internal auditing system. It will be staffed with professional auditors to conduct internal auditing and monitoring on the financial income and expenses as well as economic activities of the Company.</p>
	<p><u>Article 225</u> The internal auditing system of the Company and the responsibilities of the audit personnel should be implemented after approval by the board of directors. The audit staff should be responsible to and report their work to the board of directors.</p>

Current Articles	Amended Articles
<p align="center">Chapter 16 Appointment of Accounting Firm</p>	<p align="center">Chapter 16 Appointment of Accounting Firm</p>
<p>Article 173 In the event that a resolution at Shareholders' Meeting is passed to retain an accounting firm other than the incumbent accounting firm to fill any casual vacancy in the office of the accountant, or to reappoint an accounting firm which was retained by the Board of Directors to fill any casual vacancy, or to remove an accounting firm prior to the expiration of its term, the following provisions shall apply:</p> <p>(1) The retaining or removal motion shall be sent (before a notice of Shareholders' Meeting is given) to the accounting firm that is proposed to be retained or to leave or the accounting firm which has left in the relevant financial year (including any accounting firm leaving due to removal, resignation and retirement).</p> <p>(2) In the event that the accounting firm that is proposed to leave makes written representations and requests that the Company give notice to shareholders of such representations, the Company shall (unless the representations have been received too late) take the following measures: (i) in any aforementioned notice for making a resolution, the Company shall state the representations made by such accounting firm which is to leave; (ii) to attach a copy of the representations to the notice and deliver it to every shareholder entitled to receive the notice in the manner as provided in the Articles of Association.</p> <p>(3) In the event that the Company fails to send the accounting firm's representations in the manner set out in Clause (2) above, such accounting firm may (in addition to its right to be heard) make further appeal.</p> <p>(4) A leaving accounting firm has the right to attend the following meetings:</p> <p>(i) Shareholders' Meeting at which its term would otherwise have expired;</p> <p>(ii) Shareholders' Meeting at which the said accounting firm is proposed to fill the vacancy caused by its removal;</p> <p>(iii) Shareholders' Meeting which is convened as a result of the resignation of the said accounting firm.</p> <p>The leaving accounting firm is entitled to receive all notices of, and other communications relating to any meeting referred to in Clause (4), and to speak at any such meeting which it attends on any matters with respect to its capacity as the former accounting firm of the Company.</p>	<p>Article 173-233 In the event that a resolution at Shareholders' Meeting is passed to retain an accounting firm other than the incumbent accounting firm to fill any casual vacancy in the office of the accountant, or to reappoint an accounting firm which was retained by the Board of Directors to fill any casual vacancy, or to remove an accounting firm prior to the expiration of its term, the following provisions shall apply:</p> <p>(1) The retaining or removal motion shall be sent (before a notice of Shareholders' Meeting is given) to the accounting firm that is proposed to be retained or to leave or the accounting firm which has left in the relevant financial year (including any accounting firm leaving due to removal, resignation and retirement).</p> <p>(2) In the event that the accounting firm that is proposed to leave makes written representations and requests that the Company give notice to shareholders of such representations, the Company shall (unless the representations have been received too late) take the following measures:</p> <p>(a) in any aforementioned notice for making a resolution, the Company shall state the representations made by such accounting firm which is to leave;</p> <p>(b) to attach a copy of the representations to the notice and deliver it to every shareholder entitled to receive the notice in the manner as provided in the Articles of Association.</p> <p>(3) In the event that the Company fails to send the accounting firm's representations in the manner set out in Clause (2) above, such accounting firm may (in addition to its right to be heard) make further appeal.</p> <p>(4) A leaving accounting firm has the right to attend the following meetings:</p> <p>(i) Shareholders' Meeting at which its term would otherwise have expired;</p> <p>(ii) Shareholders' Meeting at which the said accounting firm is proposed to fill the vacancy caused by its removal;</p> <p>(iii) Shareholders' Meeting which is convened as a result of the resignation of the said accounting firm.</p> <p>The leaving accounting firm is entitled to receive all notices of, and other communications relating to any meeting referred to in Clause (4), and to speak at any such meeting which it attends on any matters with respect to its capacity as the former accounting firm of the Company.</p> <p><u>The leaving accounting firm is entitled to receive all notices of, and other communications relating to any meeting referred to in the above clauses, and to speak at any such meeting which it attends on any matters with respect to its capacity as the former accounting firm of the Company.</u></p>

Current Articles	Amended Articles
New Article	<u>Article 234</u> The Company guarantees to the accounting firm appointed, to supply true and complete accounting proof, accounting books, financial accounting report and other accounting information. It cannot refuse to provide or hide information, or provide false information.
New Article	<p><u>Article 237</u> If the accounting firm intends to resign from its duties, it can put a written notice at the company registry. The notice shall contain one of the following statements:</p> <ol style="list-style-type: none"> <li data-bbox="815 561 1353 668">1. statements that its resignation is not concerned with any matters that need to be explained to the shareholders or creditors of the Company; <li data-bbox="815 693 1353 751">2. statements on anything that need to be explained. <p>The notice shall become effective from the date of its placement at the company registry or a later date as specified in the notice.</p>
New Article	<u>Article 238</u> The Company shall, within 14 days of the receipt of the said notice specified in Article 237, send a copy of the notice to authorities in charge. If the notice contains such statement as is mentioned in subparagraph 2 of Article 237, the Company shall also send a copy thereof to each shareholder that has the right to receive the report of the Company's financial situations.
New Article	<u>Article 239</u> If the notice of the accounting firm's resignation contains such statement as is mentioned in subparagraph 2 of Article 237, the accounting firm can request an extraordinary meeting of the board of directors to be convened, in order to listen to its explanation of relevant situations about its resignation.
Chapter 17 Merger and Division	Chapter 17 Merger and Division
<p><u>Article 177</u> In the event of a merger or division of the Company, the Company's Board of Directors shall submit a motion, which shall be approved in accordance with the procedures stipulated in the Articles of Association and go through relevant examination and approval formalities pursuant to laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire such dissenting shareholders' shares at a fair price.</p> <p>The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company. The documents as stated above shall be sent by mail to holders of foreign overseas-listed shares.</p>	<p><u>Article 177240</u> In the event of a merger or division of the Company, the Company's Board of Directors shall submit a motion, which shall be approved in accordance with the procedures stipulated in the Articles of Association and go through relevant examination and approval formalities pursuant to laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire such dissenting shareholders' shares at a fair price.</p> <p>The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company. The documents as stated above shall be sent by mail to holders of foreign overseas-listed shares.</p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
New Article	<p><u>Article 241 With respect to the special document stated in the Article 240 above, shareholders of the foreign invested shares listed outside the People’s Republic of China can make written statements to request the Company to provide notices, files or written statements in printed form or by email. If the shareholders of the foreign invested shares listed outside the People’s Republic of China request to receive the printed form of such notices, files or written statements of the Company, they shall also specify whether the Chinese printed version, the English printed version or both versions shall be provided by the Company. The Company shall, in accordance with the requirements of such written statements, send the corresponding version to its registered domicile by person or by prepaid mail.</u></p> <p><u>Shareholders of the foreign invested shares listed outside the People’s Republic of China may also, within a reasonable time in advance, send the Company a written notice and in accordance with proper procedures, change the way of receiving the aforementioned information and its language version. Meanwhile, the Company can also send a written notice to request the shareholders of the foreign invested shares listed outside the People’s Republic of China to specify whether the notices, files or written statements of the Company shall be delivered in printed version or by email. If the Company does not receive the above written confirmation from the shareholders of the foreign invested shares listed outside the People’s Republic of China within the period designated by relevant laws, administrative regulations and rules of the securities supervision and management authorities of the place(s) where the shares of the Company are listed, the shareholders are deemed to agree that the Company can send or provide notices, files or written statements thereof in the ways (including but not limited to publishing on the Company’s website by electronic means) designated in advance by the Company in accordance with relevant laws, administrative regulations and rules of the securities supervision and management authorities of the place(s) where the shares of the Company are listed.</u></p>

Current Articles	Amended Articles
<p>Article 178 The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.</p> <p>In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in a newspaper for three times within 30 days after the date of the Company's merger resolution. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice. The Company may not proceed with merger if there are still any debts unpaid or no guarantee is provided.</p> <p>After the merger of the Company, any rights in relation to creditor's rights and debts of each party to the merger shall be assumed by the surviving company after the merger or the newly established company.</p>	<p>Article 178242 The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.</p> <p>In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in a newspaper for three times within 30 days after the date of the Company's merger resolution. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice. The Company may not proceed with merger if there are still any debts unpaid or no guarantee is provided.</p> <p>After the merger of the Company, any rights in relation to creditor's rights and debts of each party to the merger shall be assumed by the surviving company after the merger or the newly established company.</p> <p><u>Merger of the Company may take the form of merger by absorption and merger by new establishment.</u></p> <p><u>A company absorbing another company is called amalgamation. The absorbed company will be wound up. When 2 or more companies merge and establish a new company, this is called a newly established merger. The merged companies will be wound up respectively.</u></p>

Current Articles	Amended Articles
New Article	<p><u>Article 243</u> In the event of a merger, the parties to the merger shall execute a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days and publish an announcement in a newspaper within thirty days of the date of the Company's merger resolution. A creditor may, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five days of the date of the announcement, demand that the Company repay its debts or provide a corresponding guarantee for such debt.</p>
New Article	<p><u>Article 244</u> Upon completion of the merger, the company that exists or the newly established company shall succeed to the claims and debts of the parties to the merger.</p>
New Article	<p><u>Article 245</u> If the Company is to be divided, its property shall be divided accordingly.</p> <p>In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days and publish an announcement in a newspaper within thirty days of the date of the Company's division resolution.</p>
New Article	<p><u>Article 246</u> The debts of the Company before the division will be jointly and severally liable by the companies formed after the division. However, if before the division the Company and its creditors have entered into a written contract concerning the repayment of debts, then the former provision does not apply.</p>
New Article	<p><u>Article 247</u> When a company needs to decrease its registered capital, it must prepare a balance sheet and a list of assets. The Company shall notify the creditors within ten days of the date of the relevant resolution for the reduction of its share capital and shall publish an announcement in a newspaper within thirty days of the date of such resolution. A creditor has the right within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five days of the date of the announcement, to demand that the Company repay its debts or provide a corresponding guarantee for such debt.</p> <p>After the Company decreases its registered capital, its registered capital should not be lower than the legally prescribed minimum.</p>

Current Articles	Amended Articles
New Article	<p><u>Article 248</u> Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the Company registry according to the law. Where the Company is dissolved, it shall cancel its registration according to the law. Where a new company is established, its establishment shall be registered according to the law.</p> <p><u>When a company increases or decreases its registered capital, it should vary its registration at the company registration organization according to the law.</u></p>
Chapter 18 Dissolution and Liquidation	Chapter 18 Dissolution and Liquidation
<p>Article 180 The Company shall be dissolved and liquidated according to laws upon any of the following circumstances:</p> <ol style="list-style-type: none"> (1) A resolution for dissolution is passed by the Shareholders' Meeting; (2) A merger or division of the Company for which a dissolution becomes necessary; (3) The Company is announced bankrupt according to the laws due to overdue debts; (4) The Company is ordered to be close down for violation of laws and administrative regulations in accordance with the laws; (5) The business license of the Company has expired. 	<p>Article 180251 The Company shall be dissolved and liquidated according to laws upon any of the following circumstances:</p> <ol style="list-style-type: none"> (1) A resolution for dissolution is passed by the Shareholders' Meeting; (2) A merger or division of the Company for which a dissolution becomes necessary; (3) The Company is announced bankrupt according to the laws due to overdue debts; (4) The Company is ordered to be close down for violation of laws and administrative regulations in accordance with the laws; (5) The business license of the Company has expired. <u>(1) Expiry of the operation period as specified by these Articles or the occurrence of other matters leading to winding up as specified by these Articles;</u> <u>(2) The shareholders' general meeting resolves to wind up;</u> <u>(3) The Company is wound up because of merger or division;</u> <u>(4) If the Company is declared bankrupt according to the law because it is unable to pay its debts upon maturity;</u> <u>(5) If the Company is lawfully ordered to close down as a result of violation of the law and administrative regulations.</u>

Current Articles	Amended Articles
	<p>(6) <u>If the Company gets into serious trouble in operations and management and its continuation may incur material losses to the interests of the Shareholders, and no solution can be found through any other channel, the Shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company. In the event that the Company is dissolved to the provisions of the preceding paragraph, a liquidation committee shall be established to commence the liquidation of the Company within fifteen days of the dissolution. The members of the liquidation committee shall be the Directors or persons determined by the Shareholders' general meeting. In the event of failure to establish a liquidation committee to carry out the liquidation within the stipulated period, creditors may apply to the people's court to appoint relevant professionals to form a liquidation committee for the liquidation.</u></p>
<p>Article 181 In the event of dissolution pursuant to Clauses (1) an (5) of the preceding article, the Company shall set up a liquidation committee within 15 days, and the members of the liquidation committee shall be decided by an ordinary resolution at the Shareholders' Meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation.</p> <p>If the Company is dissolved pursuant to Clause (3) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the People's Court in accordance with relevant laws to carry out the liquidation.</p> <p>If the Company is dissolved pursuant to Clause (4) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the relevant supervisory authority to carry out the liquidation.</p>	<p>Article 181²⁵² In the event of dissolution pursuant to Clauses (1) an (5) of the preceding article, the Company shall set up a liquidation committee within 15 days, and the members of the liquidation committee shall be decided by an ordinary resolution at the Shareholders' Meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation.</p> <p>If the Company is dissolved pursuant to Clause (3) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the People's Court in accordance with relevant laws to carry out the liquidation.</p> <p>If the Company is dissolved pursuant to Clause (4) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the relevant supervisory authority to carry out the liquidation.</p> <p><u>If the situation under subparagraph (1) of Article 250 occurs, the Company can continue to operate after the Articles have been amended.</u></p> <p><u>When the Articles have been amended according to the previous paragraph, it must be passed by shareholders with more than two-thirds of the voting rights attending the shareholders' general meeting.</u></p>

Current Articles	Amended Articles
New Article	<p><u>Article 253</u> Where the Company is to be dissolved pursuant to subparagraph (1) or (2) of Article 251, it shall establish a liquidation committee within 15 days. The members of such liquidation committee shall be determined by the shareholders' general meeting by way of an ordinary resolution.</p> <p>Where the Company is to be dissolved pursuant to subparagraph (4) of Article 251, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.</p> <p>Where the Company is to be dissolved pursuant to subparagraph (5) of Article 251, the relevant authorities in charge shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.</p> <p>If the board of directors decides that the Company should be liquidated (except the liquidation as a result of company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the announcement of liquidation.</p> <p>The functions and powers of the board of directors shall terminate immediately after the shareholders' general meeting has adopted a resolution to carry out liquidation.</p> <p>The liquidation committee shall take instructions from the shareholders' general meeting, and make a report to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation at least once a year. It shall make a final report to the shareholders' general meeting when the liquidation is completed.</p>
<p>Article 184 Creditors shall, within 30 days of receipt of the notice, or for creditors who have not personally received such notice, shall within 45 days of the date of the announcement, contact the liquidation committee to claim their rights.</p>	<p>Article 184255 Creditors shall, within 30 days of receipt of the notice, or for creditors who have not personally received such notice, shall within 45 days of the date of the announcement, contact the liquidation committee to claim their rights.</p> <p>During the period of declaration of claim, the liquidation committee shall not repay the debts to creditors.</p>

Current Articles	Amended Articles
<p>Article 188 Following the organization of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the Shareholders' Meeting or the relevant competent authorities.</p> <p>The Company's assets shall be distributed in accordance with the order stipulated by laws and regulations. If there is no applicable law, such distribution shall be carried out in accordance with a fair and reasonable procedure determined by the liquidation committee.</p> <p>Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held. During the liquidation period, the Company shall not commence any new business activities.</p>	<p>Article 188^{258} Following the organization of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the Shareholders' Meeting or the relevant competent authorities.</p> <p>The Company's assets shall be distributed in accordance with the order stipulated by laws and regulations. If there is no applicable law, such distribution shall be carried out in accordance with a fair and reasonable procedure determined by the liquidation committee.</p> <p>Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held. During the liquidation period, the Company shall not commence any new business activities.</p> <p><u>In the event of dissolution, after the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and a list of properties, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or relevant authorities in charge for confirmation.</u></p> <p><u>The Company should allocate the remaining assets of the Company, after paying the liquidation charges, staff salary, social insurance, legally prescribed compensation, outstanding tax and company debts, in proportion to the shares held by shareholders.</u></p> <p><u>During the liquidation period, the Company continues to exist, but it cannot commence operational activities not related to the liquidation. Before the Company assets have been used to pay off that as required in the preceding paragraph, it will not be distributed to shareholders.</u></p>
New Article	<p><u>Article 260 Members of the liquidation committee should be loyal to their duties and perform liquidation duties according to the law. Members of the liquidation committee should not make use of their duties to receive bribes or other illegal income, and cannot embezzle the Company's assets. If a member of the liquidation group causes losses to the Company or creditors, deliberately or due to a significant mistake, he should be responsible for compensation.</u></p>
New Article	<p><u>Article 261 When the Company is declared bankrupt according to the law, the bankruptcy liquidation will be handled according to the relevant law on enterprise bankruptcy.</u></p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
Chapter 19 Amendment of the Articles of Association	Chapter 19 Amendment of the Articles of Association
	<p><u>Article 263</u> In any one of the following circumstances, the Company should amend its Articles:</p> <p>(1) <u>After amendment of the Company Law or relevant laws or administrative regulations, the contents of the Articles conflict with the law or administrative regulations after the amendment;</u></p> <p>(2) <u>The circumstances of the Company have changed so that they are different from the contents of the Articles;</u></p> <p>(3) <u>The shareholders' general meeting decides to amend the Articles.</u></p>
<u>New Article</u>	<u>Article 265</u> The board of directors will amend these Articles according to the resolutions of the shareholders' general meeting to amend the Articles, and the opinion provided after examination by the authorities in charge.
New Article	<u>Article 266</u> Amendment to the Articles which involves information to be disclosed, required by laws or regulations, should be publicly announced according to the requirements.
Chapter 20 Notice	Chapter 20 Notice
New Article	<p><u>Article 267</u> Notices of the Company are issued in the following methods:</p> <p>(1) <u>By personal delivery;</u></p> <p>(2) <u>By mail;</u></p> <p>(3) <u>By fax or email;</u></p> <p>(4) <u>By the websites appointed by the Hong Kong Stock Exchange, under the premise of complying with the law, administrative regulations and listing rules of the place where the shares of the Company is listed;</u></p> <p>(5) <u>By public announcement;</u></p> <p>(6) <u>Other methods pre-agreed by the Company or the notified person or recognized by the notified person after receiving the notice; or</u></p> <p>(7) <u>Other methods specified by relevant regulatory authorities of the place where the shares of the Company is listed or the Articles.</u></p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
New Article	<p>Article 268 For the purpose of the Articles, unless otherwise provided, the term “public announcement” means publishing public announcements in Chinese newspapers or magazines in respect of the public announcements that are made to the shareholders of domestic invested shares or that need to be made in China in accordance with the provisions of relevant regulations or the Articles. The newspapers and magazines shall be those that are designated in accordance with the provisions of the law and administrative regulations or by the State Council authorities in charge of supervision and management of securities. In respect of the public announcements that are made to shareholders of foreign invested shares listed outside the People’s Republic of China or that need to be made in Hong Kong in accordance with relevant regulations or the Articles, the public announcements shall be made in designated newspapers in Hong Kong in accordance with the requirements of the Listing Rules.</p> <p>For notices issued by the Company by way of public announcement, it shall be deemed that all the relevant parties have been served once the public announcement is made.</p>
New Article	<p>Article 269 The public announcements, files or written statements issued by the Company to shareholders of foreign invested shares listed outside the People’s Republic of China, can be sent by way of the methods specified in Article 267.</p>
New Article	<p>Article 270 The notice for convening a shareholders’ general meeting shall be delivered to the shareholders of foreign invested shares listed outside the People’s Republic of China by way of the methods specified in Article 234 and be made to the shareholders of domestic invested shareholders by way of public announcement.</p>
New Article	<p>Article 271 The notice to convene a board of directors’ meeting of the Company will use the methods of personal delivery, telephone, fax, telegram, letter and so on.</p>
New Article	<p>Article 272 The notice to convene a board of supervisors’ meeting of the Company will use the methods of personal delivery, telephone, fax, telegram, letter and so on.</p>
New Article	<p>Article 273 If the notice is sent by hand, the recipient shall sign (or chop) on the receipt of delivery. The date of delivery is the date of acknowledgement of receipt by the recipient. If the notice is sent by mail, the date of delivery is 48 hours from the date of delivery to the post office. If the notice is made by public announcement, the date of delivery is the date of the first public announcement. If the notice is given by telephone, fax, email or websites, the date of delivery is the same day when the receipt answers the phone or the date of effectively issuing the written letters.</p>

APPENDIX V AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Current Articles	Amended Articles
New Article	<p><u>Article 274 Where the Company is required to send, mail, deliver by person, issue, announce or provide in other ways relevant files thereof in both Chinese and English versions in accordance with the listing rules of the place(s) where the shares of the Company are listed, if the Company has made suitable arrangement to identify whether shareholders thereof only want to receive Chinese version or English version, the Company can, within the scope permitted by laws and regulations and in accordance with applying laws and regulations, (based on the intention of the shareholders) send to the shareholders only the Chinese version or only the English version.</u></p> <p><u>The following files shall be kept at Hong Kong for free inspection by the public and shareholders, and be provided to shareholders for photocopying at reasonable costs:</u></p> <ol style="list-style-type: none"> <u>(1) the full copy of the register of members;</u> <u>(2) reports about the situation of the share capital issued by the Company;</u> <u>(3) the latest audited financial statements of the Company and the reports of the board of directors, the accounting firm and the board of supervisors;</u> <u>(4) special resolutions of the Company;</u> <u>(5) the number and par value of the shares bought back by the Company since the last fiscal year, the sum paid therefor, and the report of the highest and lowest price paid to buy back securities of every category (divided by domestic invested shares and foreign invested shares listed outside the People’s Republic of China);</u> <u>(6) a copy of the latest annual returns provided to Chinese Administration for Industry and Commerce or other authorities in charge for the record; and</u> <u>(7) the minutes of the shareholders’ general meeting (only for shareholders’ examination).</u>
New Article	<p><u>Article 275 If the Company is authorized to terminate sending dividend warrants by mail, such right shall not be implemented unless such dividend warrants have not be cashed two times in a row. However, the Company may also exercise such right if these dividend warrants have not been received by the recipient for the first time and have been returned.</u></p>

Current Articles	Amended Articles
New Article	<p><u>Article 276</u> If the Company is authorized to sell the shares of shareholders who cannot be contacted, such right cannot be exercised except in accordance with the following provisions:</p> <p>(1) at least three times of profit distribution have been made in respect of relevant shares within 12 years and no one claims such profits distributed within that period; and</p> <p>(2) the Company puts an advertisement in the newspaper after the expiry of 12 years, stating its intension to sell the shares and inform the Hong Kong Stock Exchange of the relevant intension.</p>
Chapter 22 Supplementary Provisions	Chapter 22 Supplementary Provisions
New Article	<p><u>Article 279</u> The board of directors can lay down by-laws of the Articles according to the requirements of the Articles. The by-laws cannot conflict with the Articles.</p>
<p>Article 194 The Articles of Association are prepared in both Chinese and English versions. In the case of any discrepancies between these versions, the Chinese version last approved by and registered with the Administration for Industry and Commerce of Fujian Province shall prevail.</p>	<p>Article 194282 The Articles of Association are prepared in both Chinese and English versions. In the case of any discrepancies between these versions, the Chinese version last approved by and registered with the Administration for Industry and Commerce of Fujian Province shall prevail.</p> <p><u>The Articles of Association is written in Chinese, and the Chinese version shall prevail whenever there is any discrepancies between the Chinese version and the version in any other language.</u></p>

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

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to protect the lawful interests of FUGUINIAO CO., LTD. (“Company”) and its shareholders, clearly define the responsibilities and authorities of shareholders’ general meeting, enhance the efficiency of the procedures of the shareholders’ general meetings and ensure that the general meetings exercise the functions and powers thereof according to laws, the Rules are formulated in accordance with the Company Law of the People’s Republic of China (“Company Law”), the Rules for Shareholders’ General Meetings of Listed Companies, the Guidelines for Articles of Association of Listed Companies (revised in 2014), the Articles of Association of FUGUINIAO CO., LTD. (“Articles of Association”), Listing Rules of Shanghai Stock Exchange and other applicable laws and regulations.

Article 2 The Board shall earnestly perform its duties and organise the general meeting in a careful and timely manner. All the directors of the listed company shall perform their due diligence obligations to ensure that the shareholders’ general meeting can be held in due manner and its powers can be exercised in accordance with the laws.

CHAPTER 2 NATURE AND FUNCTIONS AND POWERS OF THE GENERAL MEETING

Article 3 The nature of the shareholders’ general meeting: Shareholders’ general meeting is the highest authority of the Company.

Article 4 The general meeting shall exercise its powers within the scope of the Company Law and the Articles of Association.

Article 5 The general meetings are divided into annual general meeting and extraordinary general meeting. The annual general meetings shall be convened once a year and shall be held within six months after the end of the preceding accounting year.

Article 6 The Company shall convene an extraordinary general meeting within two months upon the occurrence of following circumstances:

- (1) The number of directors is below the minimum quorum as required by the Company Law, or is less than two-thirds of the number provided in the Articles of Association;
- (2) The outstanding losses of the Company reach one-third of the total amount of its paid-up share capital;
- (3) Upon request by shareholders individually or collectively holding 10% or more of the Company’s shares;
- (4) Deemed as necessary by the Board;

- (5) The board of supervisors so requests;
- (6) Other circumstances stipulated by laws, administrative regulations, department rules, Listing Place Regulations and the Articles of Association.

Article 7 The Board shall convene the general meeting within the time frame as required by Article 5 and 6 above on a timely basis.

CHAPTER 3 EXTRAORDINARY GENERAL MEETING PROPOSED TO BE CONVENED BY INDEPENDENT DIRECTORS, BOARD OF SUPERVISORS OR SHAREHOLDERS

Article 8 Independent shareholders are entitled to propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receiving such proposal from the independent directors.

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after the passing of the relevant resolution of the Board. In the event that the Board does not agree to convene an extraordinary general meeting, reasons for such disagreement shall be given by way of announcement.

Article 9 The board of supervisors is entitled to, by signing one or more copies of requisition(s) in the same form and content stating the topics to be discussed at the meeting, propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving aforesaid written requisition(s).

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the board of supervisors.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such requisition(s), the Board shall be deemed as incapable of performing or failing to perform the duty of convening a general meeting, in which case the board of supervisors may convene and preside over such meeting by itself.

Article 10 Shareholders either individually or collectively holding more than 10 percents of the shares of the Company may, through signing one or more copies of requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall, in accordance with the laws, administrative regulations and Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary general meeting within ten days after receiving aforesaid written requisition(s).

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires prior approval of the shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such requisition(s), shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the board of supervisors to convene the extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the board of supervisors agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after receiving such proposal. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

Failure of the board of supervisors to issue the notice of general meeting within the stipulated period shall be deemed as the failure of the board of supervisors to convene and preside over a general meeting, and Shareholders severally or jointly holding 10% or more of the Company's shares for ninety or more consecutive days shall be entitled to convene and preside over the general meeting on an unilateral basis.

Article 11 Where the board of supervisors or shareholders decide(s) to convene the general meeting by itself/themselves, it/they shall send out a written notice to the Board, and shall file with the dispatched office of CSRC at the locality of the Company and the stock exchange. The shareholding of the convening shareholders shall not be lower than 10% prior to the announcement of the resolutions of the general meeting. The board of supervisors or the convening shareholder shall submit relevant evidence to the dispatched office of CSRC at the locality of the Company and the stock exchange upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

Article 12 The Board and the secretary to the Board shall provide cooperation with respect to matters relating to a general meeting convened by the board of supervisors or shareholders on its/their own. The Board shall provide the register of shareholders as of the date of record date.

Article 13 Expenses arising from convening of a general meeting by the board of supervisors or shareholders shall be born by the Company.

CHAPTER 4 PROPOSAL AND NOTICE OF THE GENERAL MEETING

Article 14 Content of proposals at the shareholders' general meeting shall be matters falling within the functions and powers of general meeting. It shall have definite topics to discuss and specific matters to resolve and comply with the laws, administrative regulations and the requirements in the Articles of Association.

Article 15 When the Company convenes a general meeting, the Board, board of supervisors or the shareholders either individually or collectively holding 3% or more of the Company's shares may put forward proposals to the Company.

Shareholders either individually or collectively holding 3% or more of the Company's shares may submit their provisional motions to the convener 10 days before the date fixed for convening of the meeting. The convener shall issue a supplementary notice of the general meeting 2 days after the motions have been received and announce the name of the shareholder submitting the provisional motions, shareholding percentage and the contents of the motions.

Other than the circumstances referred to in the preceding paragraph, after the convener has issued the notice on the general meeting, no changes shall be made to the motions listed in the notice of the meeting nor new motions shall be added.

The general meeting shall not vote on or resolve motions not listed in the notice of the general meeting or motions which do not meet the requirements in Article 14 of the Rules.

Article 16 A forty-five (45) days' written notice for convening the general meeting shall be given to notify shareholders whose names appear in the register of shareholders of the matters proposed to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve the written reply to the Company twenty (20) days prior to the date of the meeting.

The calculation of relevant time frame is exclusive of the date on which such meeting is held.

Article 17 The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total voting shares, the Company may hold the meeting; if not, the Company shall within 5 days notify the shareholders by public notice of the matters to be transacted at, the place and date for, the meeting and the Company may convene such meeting after making such announcement.

An extraordinary general meeting shall not transact matters not stated in the notice of meeting.

Article 18 A notice of a general meeting shall meet the following criteria:

- (1) be in writing;
- (2) specify the place, the form and the time of the meeting;
- (3) set out the matters to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such transaction must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, general manager or other senior management members in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- (6) set out the full text of any special resolution proposed to be passed at the meeting;
- (7) contain a noticeable writing statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting;
- (9) contain the record date for shareholders who are entitled to attend the general meeting;
- (10) contain the name and telephone number of the contact person for meeting affairs.

Article 19 The notice of the general meeting and the supplementary notice of the general meeting shall fully and completely disclose the specific content of the proposal and all the information and explanations necessary for the shareholders to make reasonable judgment on the matters to be discussed. In the event that the matters to be discussed need an advice from independent shareholders, their advices and reasons shall be disclosed when the notice of the general meetings or supplementary notice are despatched.

Article 20 Where the election of directors and supervisors is proposed to be discussed at the general meeting, the notice of the meeting shall fully disclose the detailed information of the candidates for directors and supervisors, which should at least include the following:

- (1) educational background, working experience, and any part-time job;
- (2) whether there is any connected relationship between them and the Company or its controlling shareholder(s) or de facto controller;
- (3) disclosure of their shareholdings in the Company;
- (4) whether or not they have been subject to any punishment by CSRC or other related authorities or stock exchanges.

In addition to the adoption of the accumulative voting system to elect directors and supervisors, each of the candidates for directors or supervisors shall be proposed in a separate motion.

Article 21 Notice of a shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to the address of the shareholders as shown in the register of shareholders. For the holders of domestic invested Shares, notice of the meetings may also be issued by way of public announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by CSRC within the interval between forty-five (45) days and fifty (50) days before the date of the meeting.

Article 22 After despatching the notice of general meeting, the general meeting shall not be postponed or cancelled without proper reasons. The motions stated in the notice of general meeting shall not be cancelled. In the event that the general meeting was postponed or cancelled, the convener shall make announcement at least 2 business days prior to the date on which the meeting is originally scheduled and expatiate on the reasons. In the case of adjournment, the date for the postponed meeting shall be stated in the notice.

CHAPTER 5 REGISTRATION FOR THE MEETING

Article 23 All shareholders or their proxies whose names appeared in the register of the Company at the record date are entitled to attend the general meeting, and exercise their voting rights in accordance with relevant laws, regulations and Articles of Associations of the Company. Shareholders may attend the general meeting in person or appoint a proxy to attend and vote on their behalf.

Article 24 The instrument appointing a proxy shall be in writing under the hand of the principal or his attorney duly authorised in writing, or in the case the principal is a legal person, either under its official seal or under the hand of its director or its attorney duly authorised.

Article 25 The power of attorney appointing a proxy to attend the general meeting on his/her behalf as produced by the shareholder shall state the following:

- (1) name of the proxy;
- (2) whether empowered with right to vote or not;
- (3) instructions to vote in favour of, against or abstain from, as the case may be, each proposal set out in the agenda of the general meeting;
- (4) the date of issuance of the power of attorney and the valid period;
- (5) signature (or seal) of the principal. In the case that the principal is a legal person shareholder, the power of attorney shall bear the official seal of that legal person.

Article 26 Any form issued to a shareholder by the Board of the Company for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder to instruct at his/her own discretion the proxy to vote in favour of or against each resolution proposed at the meeting. Such proxy form shall specify, in the absence of specific instructions from the shareholder, whether the proxy may vote as his own discretion.

Article 27 The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by a person authorised by the principal, the power of attorney or other authorization instruments shall be notarised. The notarised power of attorney and other authorisation instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice of the meeting.

In the case that the principal is a legal person, the proxy shall be authorized by the legal representative, the Board or other authority body of that legal person to attend the Company's general meeting.

Article 28 The meeting attendance register shall be prepared by the Company. The register of attendance shall include names of individuals or entities present at the meeting, identification card numbers, addresses, number of shares held or represented with voting rights, the principals' (individuals or entities) names, etc.

Article 29 The chairman of the meeting and the persons (including but not limited to lawyers, external auditors or staff members of the share registrars) retained by the Company shall verify the legal eligibility of the shareholders based on the register of shareholders provided by the securities registration and clearing authority and shall register the name of the shareholders and the numbers of shares with voting rights in their possession. Registration for the meeting shall be ended before the chairman of the meeting declares the number of shareholders and proxies present at the meeting as well as the total number of shares with voting rights in their possession.

Article 30 The Board, independent directors and qualifying shareholders are entitled to solicit voting rights from other shareholders to attend and vote at the general meeting.

CHAPTER 6 HOLDING OF SHAREHOLDERS' GENERAL MEETINGS

Article 31 The Board shall organise the general meeting in a careful and timely manner in strict accordance with the Company Law and other laws and regulations.

All the directors of the Company bear the fiduciary obligations for the normal convening of the general meeting, and shall not counteract the lawful function and power performed by the Shareholders' general meetings.

Article 32 The Board shall appoint a lawyer to attend a general meeting and give legal opinions on the following matters which shall be published thereafter:

- (1) whether the procedures for convening and holding the general meeting comply with the relevant laws and regulations, the Rules for the Shareholders' General Meetings of Listed Companies as well as the Articles of Association;
- (2) whether the eligibility of attendees and the convenor is lawful and valid;
- (3) whether or not the voting procedure and the voting results of the general meeting is lawful and valid;
- (4) legal opinions on other matters on the request of the Company.

Article 33 The Company shall hold the general meeting at its address or the place as required by the Articles of Association.

General meetings will set meeting venue and be convened by ways of onsite meetings. The Company may provide convenience for shareholders by ways of internet or other ways which are safe, economical and convenient. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.

Article 34 In the event that the general meeting of the Company adopts online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.

The beginning time for voting via internet or other ways for the general meeting shall not be earlier than 3:00 p.m. on the day prior to date when the on-site general meeting is convened, and shall not be later than 9:30 a.m. on the date when the on-site general meeting is convened. Its closing time shall not be earlier than 3:00 p.m. on the date when the onsite general meeting is concluded.

Article 35 The Board and other chairman of the meeting shall take such necessary measures to ensure the normal order of the general meeting. For any disturbance to the normal order of the meeting and acts infringing on the lawful interests of the shareholders, measures will be taken to prevent them, and the relevant authority will be reported to pursue the matter.

Article 36 When convening a general meeting by the Company, all directors, supervisors and the secretary to the Board shall attend the meeting while managers and other senior management members shall attend the meeting as non-voting attendees.

Article 37 The general meeting shall be presided over and chaired by the chairman of the Board; should the chairman is unable or fails to perform his/her duties, a vice-chairman shall preside over the meeting; should the vice-chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a Director elected by more than half members of the Board.

The chairman of the board of supervisors shall preside over and act as the chairman of the meeting of any general meetings convened by the board of supervisors on its own. In event that the chairman of the board of supervisors fails to or is unable to perform his/her duty, a supervisor elected by more than half of the supervisors shall preside over the meeting.

For general meetings convened by Shareholders by themselves, a representative nominated by the convener shall preside over the meeting and take the chair of the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to be the chairman of the meeting. If for any reason, the shareholders are unable to elect a chairman, then the shareholder (or its proxy) present and holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

When the general meeting is held and the chairman of the meeting violates these Rules which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the general meeting to act as the chairman of the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.

Article 38 The Chairman of meeting shall announce the beginning of the meeting as scheduled. Issues and proposals set out in the agenda shall be resolved item-by-item. Reasonable time shall be given for the discussion of each issue and proposal at the general meeting.

Article 39 Chairman of the meeting should announce the number of shareholders and proxies present at the venue of the meeting and the total shares held by them with voting rights, and the number of shareholders and proxies present at the venue of meeting and the shares held by them with voting rights shall be the number as shown on the registration of the meeting.

Article 40 At the annual general meeting, the Board and the board of supervisors shall report to the general meeting on their work over the previous year, and each of the independent directors shall also submit his/her work report.

Article 41 Except information involving commercial secrets of the Company, Directors, Supervisors and senior management shall respond to and explain the enquiries raised by shareholders at the general meeting. They may refuse to answer the inquiries in connection with the following circumstances but specify the reason:

- 1 inquires not relating to issues;
- 2 inquiries subject to further investigation;
- 3 information involving commercial secrets of the Company that can not be disclosed at the shareholders' general meeting;
- 4 response to inquiries which shall damage the overall interests of shareholders.

Article 42 Shareholders who request to address the general meeting shall complete the enrollment at the secretariat of the meeting. Shareholders' speeches shall be arranged in an order in direct proportion to number of their shareholding based on the enrolment. Shareholders shall make a speech at a designated seat after approval of the chairman of the meeting, which shall focus on the major topics of the meeting.

Article 43 The Chairman of the meeting shall specify the speaking duration and times for each speaker based on the circumstances. Speech of shareholders shall not be interrupted within the time limit, unless in special circumstances such as when it relates to information involving commercial secrets. Nor shall the shareholders interrupt the report of the Board or the board of supervisors by requiring for a speech.

The chairman of the meeting may refuse or stop such shareholders who breach aforesaid provisions.

Article 44 The chairman of the meeting has the right to announce the adjournment of meeting in accordance with the progress and the time arrangement of the meeting. The Chairman of the meeting also has the right to announce the adjournment of the meeting as and when he/she thinks necessary.

CHAPTER 7 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS

Article 45 Shareholders holding different classes of shares are referred to as class shareholders.

A class of shareholders shall, in accordance with laws, administrative regulations and the articles of association, enjoy rights and assume obligations.

Article 46 Rights conferred on any class of shareholders in the capacity of shareholders ("Class Rights") may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 48 to 52.

Article 47 The following circumstances shall be deemed to be a variation or abrogation of the rights of holders of certain class shares:

- (1) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights, distribution rights, or privileges equal or superior to the shares of such class;
- (2) to convert all or part of a class of shares into another class, or to convert all or part of another class of shares into that class of shares, or to grant such conversion right;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (7) the creation of a new class of shares having voting or equity rights, distribution rights or other privileges equal or superior to the shares of such class;
- (8) the imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;
- (10) the increase in rights or privileges of shares of another class;
- (11) the restructuring of the Company which will result in shareholders of different classes bearing a disproportionate burden of such proposed restructuring;
- (12) the variation or abrogation of the provisions of this chapter.

Article 48 Shareholders of the affected class, whether or not otherwise entitled to vote at shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub paragraphs (2) to (8), (11) to (12) of Article 47, but interested shareholder(s) shall not be entitled to vote at class meetings. The meaning of "interested shareholder(s)" as mentioned in the preceding paragraph is:

- (1) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on a stock exchange under Article 30 of the Articles of Association, a controlling shareholder within the meaning of Article 61 in the Articles of Association;
- (2) in the case of a repurchase of share by an off-market agreement under Article 30 of the Articles of Association, a shareholder to whom the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Article 49 Resolutions of a class meeting shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class attending the class meeting who have the right to vote at the meeting according to Article 48.

Article 50 A 45 days' written notice convening a class meeting shall be given, to notify shareholders whose names appear in the register of shareholders of such class shares of the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve the written reply to the Company twenty (20) days prior to the date of the meeting.

If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total voting class shares at the meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders by public notice of the matters to be transacted at, the place and date for, the meeting again. The Company may convene such a meeting after such announcement.

Article 51 A notice of a class meeting shall be served exclusively on shareholders entitled to vote at such meeting.

Any class meeting shall be conducted as nearly as possible as any general meeting. Provisions in the Articles of Associations which relate to any general meeting shall apply to any class meeting.

Article 52 Apart from holders of other classes of shares, holders of domestic shares and overseas listed overseas shares shall be regarded as holders of different classes of shares.

The special procedures for voting by a class of shareholders shall not apply to the following circumstances:

- (1) any proposed issuance of domestic invested shares and overseas listed foreign invested shares by the Company in every 12 months, whether separately or together, if such proposed issuance of domestic invested shares and overseas listed foreign invested shares are approved by the shareholders in a general meeting by way of special resolution, and the domestic invested shares and overseas listed foreign invested shares proposed to be issued by the Company of not exceeding 20% of the shares in issue of such class;
- (2) where the Company's plan to issue domestic shares and overseas-listed shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority under the State Council; or
- (3) Shares held by holders of domestic shares are transferred to overseas investors under the approval by the securities regulatory authority of the State Council, and are dealt with on overseas stock exchanges. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

CHAPTER 8 VOTING AND RESOLUTION OF GENERAL MEETING

Article 53 For connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting on such connected transactions, and the number of shares they represent carrying voting rights shall not be counted into the total number of shares with valid voting rights; the public announcements on resolutions passed at the general meeting shall fully disclose the voting of non-connected shareholders on the transactions.

If connected shareholders who are required to abstain from voting fail to do so, non-connected shareholders may request the connected shareholders to abstain from voting.

Shareholders (including proxies) shall exercise their voting rights based on the number of shares carrying voting rights represented by them, and each share has one vote. Voting on resolution at a general meeting may be conducted by registered poll.

The shares held by the Company itself carry no voting rights, and shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

Article 54 Apart from the accumulative voting mechanism, all the proposals shall be voted at the general meeting item by item. In case of different proposals for the same matter, the proposals shall be voted chronologically with resolutions adopted accordingly. The general meeting shall not vote on a proposal derived from combination of proposals or separation of a proposal or amend them in other ways. Unless a general meeting is

suspended or no resolution can be reached due to force majeure or other special reasons, no proposal shall be set aside or receive no voting at the general meeting.

Article 55 When considering a proposal at the general meeting, no change shall be made thereto. Otherwise, the relevant change shall be treated as a new proposal which shall not be voted at the said general meeting.

Article 56 The same voting right can only be exercised by only one of the following means: on-site, via internet and other ways. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.

Article 57 Shareholders attending the general meeting shall submit their voting in one of the following ways: "for", "against" or "abstain". Ballot papers that are left in blank, unduly completed or illegible or that have not been cast, are deemed as void votes which means the voter has waived his rights, and the voting results corresponding to the shares in their possession shall be treated as "Abstain from voting".

Article 58 Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be appointed by the chairman of the meeting to act as vote counters and scrutineers. Any shareholder who is interested in the matter under consideration and proxies of such shareholder shall not participate in the vote counting or scrutinizing.

For resolutions voted on at the general meeting, lawyers, shareholder representatives, the audit bodies appointed by the Company or share registrar and supervisor representatives shall count and scrutinize the votes jointly, and the voting results shall be announced forthwith. Voting results of the meeting shall be recorded in the minutes of meeting.

Shareholders or their proxies that vote on line or in other ways shall have the right to check and inspect their voting results through the relevant voting system.

Article 59 The conclusion of on-site general meeting shall not be earlier than the general meeting via internet or by other ways. The presider of the meeting shall announce the voting results of each proposal, and announce whether the proposal is passed or not based on the voting results. Prior to announcement of the voting results, companies, vote counter, scrutineer, substantial shareholder, internet service provider and other relevant parties involved in the general meeting, whether on-site, via internet or other ways, are obliged to keep confidentiality for the voting results.

Article 60 Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by not less than half of the voting rights held or represented by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by votes representing more than two-thirds of the voting rights held or represented by the shareholders (including their proxies) present at the meeting.

Article 61 The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board and the board of supervisors;
- (2) profit distribution plan and loss offset plan formulated by the Board;
- (3) removal of members of the Board and the board of supervisors, their remuneration and manner of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) the Company's annual report;
- (6) matters other than those required by the laws and administrative regulations or Articles of Association to be adopted by special resolution.

Article 62 The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction of the registered share capital and issue of shares of any class, stock warrants or other similar securities of the Company;
- (2) issuance of corporate bonds;
- (3) demerger, merger, dissolution and liquidation of the Company, and the change of the corporate form;
- (4) amendments to the Articles of Association of the Company;
- (5) any purchase or disposal of substantial assets made by the Company or any guarantee provided by the Company within one year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;
- (6) share incentive scheme;
- (7) any other matters as required by the laws, administrative regulations or the Articles of Association of the Company and matters which, if resolved by way of an ordinary resolution at general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.

Article 63 Without a prior approval by way of special resolution is obtained in a general meeting, the Company shall not enter into any contract with any person other than the directors, general managers and other senior management members whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person, save for special circumstances such as the Company is in a crisis.

Article 64 Resolutions of a general meeting shall be announced timely, and the announcement shall contain the number of shareholders and proxies present, the total number of shares carrying voting rights and the percentage of the total voting shares of the Company, means of voting, the voting result for each motion and the details of each of the resolutions passed.

Article 65 If a motion is not passed, or if a resolution of the previous general meeting is changed at the said general meeting, special notes in connection therewith should be made in the announcement of the resolutions of the general meeting.

Article 66 The chairman of the meeting should ensure that the meeting proceeds without interruption until resolutions have been reached. Where the meeting is interrupted or terminated due to special reasons such as force majeure, necessary measures should be taken to resume the meeting as soon as practicable, or to end the meeting directly with a timely announcement. The chairman should also report this situation to the dispatched office of CSRC and the stock exchange(s).

Article 67 The Board is responsible for the execution of the resolutions passed at the general meeting and asking for the chairman of the Board to arrange relevant staff to implement the resolutions based on the contents of resolutions; For resolutions to be implemented by the board of supervisors, they shall be organized and implemented by the board of supervisors directly.

Article 68 Where a motion in relation to election of directors or supervisors is passed at a general meeting, the term of office for the newly elected directors or supervisors shall come into effect after resolutions have been passed at the general meeting.

Article 69 Where a general meeting approves proposals regarding cash distribution, bonus issue or transfer of surplus reserve into share capital, the specific proposals shall be implemented within 2 months after the end of the general meeting.

Article 70 The chairman of the Board shall report the implementation status of the resolutions passed at the general meeting to the Board, and the Board shall report it to the next general meeting. Board of supervisors shall directly report the resolutions implementation undertaken by it to the general meeting, or when it deems necessary, to the Board in advance.

Article 71 The resolutions passed at the general meeting are invalid should they are in violation of any laws, or administrative regulations. Should the procedures for convening a general meeting, or the way of voting, be in violation of any laws, administrative regulations or the Articles of Association of the Company, or a resolution be in violation of the Articles of Association of the Company, the shareholders may, within 60 days from the date when the resolution is made, request the People's Court to revoke it.

CHAPTER 9 MINUTES OF THE GENERAL MEETING

Article 72 Minutes of a general meeting shall be recorded by the secretary to the Board and include the followings:

- (1) time, place, agenda of meeting and name of the chairman of the meeting;
- (2) names of the chairman of the meeting, Directors, supervisors, general managers and other senior management present at the meeting;
- (3) number of shareholders and proxies present at the meeting, total number of the shares carrying voting rights held or represented by them, and the percentage of shares carrying voting rights held or represented by them to the total number of shares of the Company;
- (4) process of consideration for each motion, the gist of speaking and voting results;
- (5) shareholders' questions or recommendations and reply or explanation thereto;
- (6) names of the lawyer, the vote counter and the scrutineer;
- (7) other matters which shall be recorded in the meeting minutes pursuant to the Articles of Association.

Article 73 The chairman of the meeting should ensure the truthfulness, accuracy and completeness of the minutes of the meeting. Directors, supervisors, the secretary to the Board, the convener or his representative and the chairman of the meeting shall sign on the minutes of the meeting. The minutes of the meeting should be maintained together with the register for attendance of shareholders present in person, the proxy forms of their proxies and valid information on voting via internet and by other means for a period of not less than 10 years.

CHAPTER 10 MISCELLANEOUS

Article 74 The Rules shall be drafted by the Board and subject to approval by the shareholders at the general meeting. Matters not covered by the Rules shall be executed in accordance with the relevant applicable laws, regulations, regulatory documents, regulatory rules and listing rules at the place of listing of the Shares of the Company including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Listing Rules of Shanghai Stock Exchange ("Listing Place Regulations") and Articles of Association of the Company. In case of any conflict between the Rules and the relevant applicable laws, regulations, regulatory documents, regulatory rules, Listing Place Regulations and Articles of Association of the Company, the latter shall prevail.

Article 75 In the Rules, references to "more than", "within", "below" "exceed" are all inclusive, while references to "not exceed", "less than", "beyond", "lower than", "higher than" are all exclusive.

Article 76 The Rules shall be interpreted by the Board in accordance with the relevant applicable laws, regulations, regulatory documents, regulatory rules, Listing Place Regulations and Articles of Association of the Company.

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

ARTICLE 1 PURPOSE

In order to further regulate meeting and decision-making procedures of the Board of Directors of FUGUINIAO CO., LTD. (here in after referred to as “the Company”), procure the Directors and the Board to effectively perform their duties and enhance the Board in terms of standardized operations and efficiency in decision-making, the Company has formulated the Rules in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guidelines for the Governance of Listed Companies, Proposed Model Rules of Procedure for Board of Listed Companies on Shanghai Stock Exchange and the Articles of Association of China Molybdenum Co., Ltd. (the “Articles of Association”).

ARTICLE 2 OFFICE OF THE BOARD

The Office of the Board is established by the Board and is responsible for dealing with daily affairs of the Board.

The Secretary to the Board or Securities Representative concurrently acts as the head of Office of the Board to maintain the seals of the Board and the Office of the Board under authorization of the Board.

The Secretary to the Board shall ensure that procedures and all general rules of the Board are complied with.

ARTICLE 3 REGULAR MEETINGS

The meetings of the Board shall be in the form of either regular meetings or extraordinary meetings.

At least four regular meetings of the Board shall be held in each year, which means an approximately quarterly frequency.

ARTICLE 4 PROPOSALS FOR REGULAR MEETINGS

Before giving the notice on holding the regular board meetings, the Office of the Board shall thoroughly seek all Directors’ opinions to preliminarily reach the meeting proposals which will be handed to the Chairman for determination.

The Chairman shall, If necessary, seek opinions from the General Manager and other senior management before determining the proposals.

ARTICLE 5 EXTRAORDINARY MEETINGS

The Board shall convene an extraordinary meeting in any of the following circumstances:

- (1) when proposed by the shareholders representing more than one tenth of voting rights;
- (2) when proposed jointly by more than one third of the Directors;
- (3) when proposed by the board of supervisors;
- (4) when proposed by the General Manager;
- (5) when proposed by the Chairman;
- (6) when proposed by more than two Independent Directors;
- (7) when required by Listing Place Regulations of the Company or the securities regulatory authority;
- (8) other circumstances provided by the Articles of Association.

ARTICLE 6 PROPOSING PROCEDURES FOR EXTRAORDINARY MEETINGS

Where an extraordinary meeting of the Board is proposed in accordance with the provisions set out in the preceding paragraph, a written proposal signed under the hand (or seal) of the proposer shall be submitted through the Office of the Board or directly to the Chairman of the Board. The following shall be indicated in the written proposal:

- (1) the name of the proposer;
- (2) the reasons for the proposal or objective facts/causes on which the proposal is based;
- (3) the time or timeframe, venue and form of the proposed meeting;
- (4) the proposals in clear and specific terms;
- (5) the contact information of the proposer and the date of proposal, etc.

The proposals shall be concerning matters that fall within the scope of the authorities of the Board as prescribed in the Articles of Association, and be submitted together with the relevant materials.

After receiving the aforesaid written proposals and the relevant materials, the Office of the Board shall forward such to the Chairman on the same day. If the Chairman

considers the contents of the proposals not clear and not specific, or consider the relevant materials insufficient, they may request the proposer to revise or supplement the relevant contents.

The meeting of the Board shall be convened and presided over by the Chairman within 10 days upon receipt of the proposals or the request of the securities regulatory authority.

ARTICLE 7 THE CONVENING AND CHAIRING OF THE MEETING

The meeting of the Board shall be convened and presided over by the Chairman of the Board. Where the Chairman of the Board is unable to or fails to perform his/her duties and responsibilities, the Vice Chairman shall convene and preside over the meeting. When the Vice Chairman is unable to or fails to perform his/her duties and responsibilities, one of the Directors shall be elected by half or more of the Directors to convene and preside over the meeting.

ARTICLE 8 NOTICES ON THE MEETING

To hold regular meetings and extraordinary meetings of the Board, the Office of the Board shall deliver written notice of the meeting bearing its seal to all the Directors, Supervisors, the General Manager and the Secretary to the Board by hand, fax, email or other means within fourteen days and five days in advance respectively. If not delivered by person, the delivery shall be confirmed by calls and relevant records shall be made.

Where the circumstance is urgent and requires an extraordinary meeting of the Board to be held as soon as practical, appropriate notice on the meeting may be circulated at any time by phone or other verbal means, but the convener shall make explanations at the meeting.

ARTICLE 9 CONTENTS OF THE NOTICE ON THE MEETING

A written notice on the meeting shall at least include:

- (1) the time and venue of the meeting;
- (2) the form in which the meeting is convened;
- (3) the matters (proposals) to be reviewed;
- (4) the convener and the presider of the meeting, the proposer of the extraordinary meeting as well as its written proposals;
- (5) meeting materials necessary for the Directors' voting;
- (6) the requirement on that a Director shall attend the meeting in person or shall appoint other Directors to attend the meeting on his/her behalf;
- (7) the contact person and contact method.

A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the Board under urgent circumstances.

ARTICLE 10 ALTERATION OF THE NOTICE ON THE MEETING

After a written notice on the regular meeting of the Board is circulated, if the time or venue or such other details of the meeting needs to be changed or the proposals for the meeting need to be supplemented, revised or cancelled, a written notice on changes specifying the circumstances, the relevant details of the new proposals, and other relevant materials shall be distributed three days before the original date of the meeting. If the meeting is less than three days away, the meeting shall be correspondingly postponed or held as originally scheduled with the unanimous approval of all Directors attending the meeting.

After a notice on an extraordinary meeting of the Board is issued, if the time or venue or such other details of the meeting needs to be changed or the proposals for the meeting need to be added, changed or cancelled, prior approval of all the attending Directors shall be obtained and corresponding records shall be made.

ARTICLE 11 HOLDING OF THE MEETINGS

The meeting of the Board shall be held only when over half of the Directors attend the meeting. If the quorum of the meeting cannot be met as a result of Directors' refusal to attend or absence without reasons, the Chairman of the Board and the Secretary of the Board shall timely report such circumstances to the regulatory authority.

Supervisors may attend the meeting as non-voting delegates; the General Manager, or the Secretary of the Board who is not a Director shall attend the meeting as non-voting delegates. If considered necessary, the presider of the meeting may notify other relevant persons to attend the meeting as non-voting delegates.

ARTICLE 12 PERSONAL ATTENDANCE AND ATTENDANCE BY PROXY AT THE MEETING

In principle, Directors shall attend the meeting of the Board in person. If they are not able to attend the meeting due to certain reasons, they shall read the meeting materials in advance, form clear opinions and appoint other Directors in written to attend the meeting on their behalf. A letter of authorization shall indicate:

- (1) the names of the appointing party and his/her proxy;
- (2) Brief opinions on every proposal made by the appointing party;
- (3) the scope of authorization of the appointing party and his/her instructions on voting intention in respect of the proposals;

- (4) reasons of the appointing party failing to attend meeting;
- (5) the signature of the appointing party and his/her proxy and the date, etc.

The director who authorizes other director to sign the written opinions for confirmation of the regular report shall make a special authorization in the letter of authorization.

The Director so appointed shall submit a letter of authorization to the presider of the meeting, stating the details of such appointment on the shareholders' attendance list of the meeting.

ARTICLE 13 RESTRICTIONS ON ATTENDANCE BY PROXY

The following principles shall be observed by Directors appointing proxies to attend the meeting of the Board and the proxies so appointed:

- (1) when a connected transaction is being reviewed, a Director who is not a related party shall not appoint a Director who is a related party to attend the meeting, and a Director who is a related party shall not accept the appointment of any Director who is not a related party;
- (2) an independent Director shall not appoint any non-independent Director to attend and vote at the meeting, and a non-independent Director shall not accept the appointment of any independent Director;
- (3) a Director shall not appoint any other Director to attend the meeting to act on his/her behalf with full discretion without having explained his/her opinions and voting intentions on the proposals, and the relevant Directors shall not accept any appointment with full discretion or with unclear scope of authorization;
- (4) a Director shall not accept the appointment from more than two Directors, nor shall a Director appoint any Director that has accepted the appointment from other two Directors to attend the meeting on his/her behalf.

ARTICLE 14 FORM IN WHICH A MEETING IS HELD

In principle, the meeting of the Board shall be held on-site. When necessary, the meeting may also be held as voting via video, telephone, fax, or email, etc. upon consent of the convener (presider) and the proposer so long as the Directors are able to fully express their opinions. The meeting of the Board can also be held on-site in combination with other means.

In the case of meetings other than meetings held on-site, the number of attending Directors shall be calculated by including the Directors who are on the spot as shown by video, the Directors who have expressed opinions in the telephone conference, valid votes actually received within the prescribed deadline via fax, email, or the written confirmation letters submitted by the Directors proving that they have attended the meeting.

ARTICLE 15 CONSIDERATION PROCEDURES OF THE MEETINGS

The presider shall request all the Directors attending the meeting of the Board to express clear opinions in respect of each proposal.

With respect to the proposals that shall be approved in advance by the independent Directors according to relevant provisions, the presider shall, before considering relevant proposals, designate one independent Director to read out the written approval opinions reached by the independent Directors.

The presider shall restrain in a timely manner any Director who obstructs the normal conduct of the meeting or interrupts the speech of other Directors.

Unless it is unanimously agreed by all attending Directors, the meeting of the Board shall not vote on any proposal not included in the notice on the meeting. Where a Director accepts the appointment of any other Director to attend the meeting of the Board on his/her behalf, he shall not vote on the proposal not included in the notice on the meeting on behalf of any other Director.

ARTICLE 16 EXPRESSING OPINIONS

The Directors shall carefully read relevant meeting materials, and independently and prudently express their opinions in a fully informed manner.

A Director may inquire, prior to the meeting, the Office of the Board, the convener, the General Manager and other senior officers, the Special Committee of the Board, the accountant firm, the legal firm and other relevant persons and institutions to obtain necessary information for decision-making, and may also propose to the presider during the course of the meeting to request the aforesaid persons or representatives of the institutions to attend the meeting to give relevant explanations.

ARTICLE 17 VOTING AT THE MEETING

After each proposal has been fully discussed on, the presider shall at an appropriate timing require the attending Directors to vote on it.

Voting for the meeting shall be executed by way of show of hands, written vote or open ballot on the basis of one vote per person.

Resolutions of the Board meeting may be made by means of fax signed by Directors present at the meeting on the basis that each Director is ensured to fully express his/her opinions.

The voting intention of the Directors shall be divided into the following categories: affirmative, negative or abstaining from voting. The attending Directors shall choose any one of the aforesaid voting intentions. If any Director does not choose any intentions or simultaneously chooses two or more intentions, the presider shall require such Director to make a new choice. If such Director refuses to do so, he/she shall be deemed as abstaining

from voting. If any Director leaves the meeting venue halfway without returning and thus does not make a choice, he/she shall be deemed as abstaining from voting.

ARTICLE 18 CALCULATION OF VOTING RESULTS

After the voting of the Directors present at the meeting, the Securities Representative and relevant personnel of the Office of the Board shall timely collect the Directors' votes, and pass them to the Secretary to the Board for calculation under the supervision of one Supervisor or Independent Director.

If the meeting is convened on site, the presider of the meeting shall announce the voting results forthwith. In other cases, the presider of the meeting shall require the Secretary to the Board to notify the Directors of the voting results before the next business day after the end of the specified voting time.

If the Directors vote after announcement of the voting results by the presider of the meeting or after the end of the specified voting time, their votes shall be disregarded.

ARTICLE 19 FORMATION OF RESOLUTIONS

Except for matters provided in Article 20 herein, a resolution on a proposal considered and passed at the Board meeting shall be voted for by more than half of all the Directors. Where any provision in any laws, administrative regulations or the Articles of Association prescribes a higher proportion of affirmative votes cast by Directors for the adoption of resolutions by the Board, such provision shall prevail.

Where the Board makes a resolution for guarantee matters and external investment matters within the scope of its powers according to the provisions in the Articles of Association and internal regulations of the Company, there shall be more than two-thirds of the Directors attending the meeting who cast affirmative votes.

In case there is any conflict between different resolutions in terms of contents or meaning, the resolution formed at a later time shall prevail.

ARTICLE 20 ABSTAINING FROM VOTING

A Director shall abstain from the voting on the relevant proposals in any of the following circumstances:

- (1) where such abstaining is prescribed in the regulatory requirements in the Company's listing place;
- (2) where the Director is of the view that he/she should abstain;
- (3) any other circumstances under which the Director shall abstain as a result of his/her being related to the enterprise involved in the proposal as prescribed in the Articles of Association;

- (4) any resolution in which the Director or his/her connected person is materially interested.

Under the circumstances where any Director abstains from voting, relevant Director shall not be counted in the quorum of the meeting. Relevant meeting of the Board can be held if more than half of the non-related Directors attend the meeting, and the resolution thus formed shall be passed by more than half of the non-related Directors. Where there are less than three non-related attending Directors, the relevant matters shall instead be submitted to the General Meeting for consideration.

ARTICLE 21 NON-EXCEEDING THE SCOPE OF AUTHORITY

The Board shall transact business in strict compliance with its scope of authority as mandated by the general meeting and laid down in the Articles of Association, and shall not adopt any resolution beyond its authority.

ARTICLE 22 SPECIAL PROVISIONS ON DISTRIBUTION OF PROFITS

Where the meeting of the Board needs to make a resolution regarding the distribution of profits, it may first notify the certified public accountant of the preliminary distribution plan to be submitted to the Board for review, and require the certified public accountant to issue a draft of audit report based thereon (all financial data other than those relating to the distribution of profits shall have been ascertained). After making a resolution on the distribution of profits, the Company shall require the certified public accountant to issue a formal audit report, on the basis of which the Board shall make resolutions on other relevant matters of the regular report.

In the event that the relevant laws, regulation, regulatory documents or regulatory rules and listing rules at the place of listing of the Shares of the Company do not require the Company to obtain a formal audit report from a certified public accountant, the Board is not required to follow the preceding paragraph when deciding on the distribution of profits.

ARTICLE 23 ABORTED PROPOSALS

Where a proposal fails to be passed at a meeting of the Board, any proposal with the same contents shall not be considered again before the period of one month has lapsed in the absence of any significant changes in the relevant conditions and factors.

ARTICLE 24 SUSPENSION OF VOTING

The presider of the meeting shall require the subject matter to be postponed for voting at the meeting if more than half of the Directors present at the meeting or more than two Directors consider the proposal to be indefinite and unspecific, or where an informed judgement cannot be made due to other reasons including inadequate meeting materials.

The Directors who suggest suspending the voting shall put forward specific requirements necessary for the resubmission of a proposal.

ARTICLE 25 AUDIO RECORDS OF MEETING

Audio records may be made where necessary for the whole process of a meeting of the Board held on-site, via video or telephone and by other means.

ARTICLE 26 MINUTES OF MEETING

The Secretary of the Board shall arrange the staff members of the Office of the Board to prepare the minutes of meeting for the meeting of the Board as early as possible. The minutes of meeting shall include:

- (1) the number of session, time, venue of the meeting and the form in which it is convened;
- (2) the delivery of the notice on the meeting;
- (3) the convener and the presider of the meeting;
- (4) whether the Directors attended the meeting in person or by proxy;
- (5) proposals considered at the meeting, the gist of every Director's speaking and main opinions in respect of relevant matters and voting intents for the proposals;
- (6) the voting method and results of each proposal (the number of affirmative, negative and abstaining votes shall be specifically indicated);
- (7) such other matters which the attending Directors consider necessary to record.

Where a reasonable notice is given by any Director, the Board shall provide relevant meeting minutes for his/her inspection at reasonable time.

ARTICLE 27 MEETING SUMMARY AND RESOLUTION RECORDS

In addition to the minutes of meeting, the Secretary of the Board may also arrange the staff members of the Office of the Board to make summarized record of the meeting when necessary, and to make separate records of the resolutions formed at the meeting based on the voting results.

ARTICLE 28 SIGNATURE OF DIRECTORS

The attending Directors shall sign their names on the minutes of meeting and record of resolution for confirmation on behalf of themselves or the Directors who appoint them to attend the meeting. If any Director holds dissenting opinions to the minutes of meeting or record of resolution, he/she may make a written note when signing his/her name. Where necessary, the Director may report the same to the regulatory authority or make a public declaration.

If any Director refuses to give confirmation by signature in accordance with the preceding paragraph, nor does he/she express dissenting opinions with written explanation, report his/her dissenting opinions to the regulatory authority or deliver a public declaration, such Director shall be deemed to be in total agreement with the contents of the minutes of meeting and records of resolutions.

ARTICLE 29 ANNOUNCEMENT OF RESOLUTIONS

The announcement of the resolutions adopted by the Board shall be made by the Secretary of the Board according to Listing Place Regulations. Before the disclosure of an announcement of resolutions, the attending Directors, the persons attending the meeting as non-voting delegates, the personnel for recording and other services, etc. shall be obliged to keep the resolutions confidential.

ARTICLE 30 IMPLEMENTATION OF RESOLUTIONS

The Chairman of the Board shall procure the relevant persons to implement the resolutions formed by the Board, check the implementation of resolutions, and report at future meetings of the Board the implementation of resolutions adopted.

ARTICLE 31 MAINTENANCE OF MEETING ARCHIVES

The Board meeting archives including meeting notices, meeting materials, attendance lists of the meeting, letter of authorization for appointment of Director's proxy, audio record of the meeting, votes, meeting minutes signed by the Directors for confirmation, meeting summary, announcement of resolutions, records of the resolutions shall be kept by the Secretary to the Board.

The meeting archives of the meeting of the Board shall be kept for 10 years or more.

ARTICLE 32 SUPPLEMENTARY PROVISIONS

In the Rules, reference to "over" or "more than" shall be inclusive.

Matters not covered by the Rules shall be executed in accordance with the relevant applicable laws, regulations, regulatory documents, regulatory rules and listing rules at the place of listing of the Shares of the Company including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Listing Rules of Shanghai Stock Exchange ("Listing Place Regulations") and Articles of Association of the Company. In case of any conflict between the Rules and the relevant applicable laws, regulations, regulatory documents, regulatory rules, Listing Place Regulations and Articles of Association of the Company, the latter shall prevail.

The Rules shall be subject to the interpretation by the Board in accordance with the relevant applicable laws, regulations, regulatory documents, regulatory rules, Listing Place Regulations and Articles of Association of the Company.

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

ARTICLE 1 PURPOSE

In order to further regulate meeting and decision-making procedures of the board of supervisors of FUGUINIAO Co., Ltd. (hereinafter referred to as “the Company”), procure the Supervisors and the board of supervisors to effectively perform their duties and enhance legal person governance structure, the Company has formulated the Rules in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guidelines for the Governance of Listed Companies, Proposed Model Rules of Procedure for board of supervisors of Listed Companies on Shanghai Stock Exchange and the Articles of Association of FUGUINIAO Co., Ltd. (the “Articles of Association”).

ARTICLE 2 OFFICE OF THE BOARD OF SUPERVISORS

The Office of the board of supervisors is established by the board of supervisors to attend to the daily affairs of the board of supervisors.

Chairman of the board of supervisors acts as the head of the Office of board of supervisors and maintains the seals. The Chairman of the board of supervisors may require the Securities Representative or other personnel of the Company to assist him/her in dealing with the daily business of the board of supervisors.

ARTICLE 3 REGULAR MEETINGS AND EXTRAORDINARY MEETINGS OF THE BOARD OF SUPERVISORS

Meetings of the board of supervisors shall be in the form of regular meetings and extraordinary meetings.

At least one regular meeting of the board of supervisors shall be held every six months. The board of supervisors shall convene an extraordinary meeting within ten days in any of the following circumstances:

- (1) When any Supervisor so requests;
- (2) When the General Meeting or a meeting of the Board passed resolutions in violation of the provisions and requirements of laws, rules, regulations and supervisory authorities, the Articles of Association, the resolutions of General Meeting and other relevant provisions;
- (3) When the malpractice of the Directors and the Senior Management may cause material damage or result in material adverse effect in the market;
- (4) When lawsuits are filed by shareholders against the Company, Directors, Supervisors and the Senior Management;

- (5) When the Company, Directors, Supervisors and Senior Management are punished by securities regulatory authorities or censured publicly by the Shanghai Stock Exchange;
- (6) When the securities regulatory authorities so requests;
- (7) Other circumstance required by the Articles of Association.

ARTICLE 4 PROPOSALS FOR REGULAR MEETINGS

The Office of the board of supervisors shall collect proposals from all Supervisors prior to issuing the notice to convene a regulatory meeting and shall seek opinions from the employees of the Company for two days at least and preliminarily reaches the meeting proposals for the Chairman's decision.

The Chairman shall seek the General Manager and other senior managers' opinions (where necessary) before determining the proposals. In respect of proposal collecting and opinion seeking, the Office of the board of supervisors shall explain that the focus of the board of supervisors is on the supervision of the standardized operation of the Company and the acts of Directors and Senior Management rather than the decision on the operation and management of the Company.

ARTICLE 5 PROPOSING PROCEDURES FOR EXTRAORDINARY MEETINGS

Where the Supervisors propose to convene the extraordinary meeting, written proposal signed by the proposing Supervisors shall be submitted through the Office of the board of supervisors or directly to the Chairman of the board of supervisors. The written proposal shall include:

- (1) the name of the proposing Supervisor;
- (2) the reasons for the proposal or objective facts/causes on which the proposal is based;
- (3) the time or timeframe, venue and form of the proposed meeting;
- (4) the proposals in clear and specific terms;
- (5) the contact information of the proposing Supervisor and the date of proposal, etc.

The Office of the board of supervisors shall issue the notice to convene the extraordinary meeting within three days upon the Office of the board of supervisors or the Chairman receives the written proposal of the Supervisor.

Where the Office of the board of supervisors deliberately delays or withholds such notice, the proposing Supervisor shall timely report to the supervisory authorities.

ARTICLE 6 THE CONVENING AND CHAIRING OF THE MEETING

The meeting of the board of supervisors shall be convened and presided over by the Chairman of the board of supervisors. Where the Chairman of the board of supervisors is unable to or fails to perform his/her duties and responsibilities, one of the Supervisors shall be elected by two-thirds or more of the Supervisors to convene and preside over the meeting.

ARTICLE 7 NOTICES ON THE MEETING

To hold regular meetings and extraordinary meetings of the board of supervisors, the Office of the board of supervisors shall submit written notice of the meeting bearing its seal to all Supervisors by hand, fax, email or other means within ten days and five days in advance respectively. If not delivered by person, the delivery shall be confirmed by calls and relevant records shall be made.

Where the circumstance is urgent and requires an extraordinary meeting of the board of supervisors to be held as soon as practical, the notice on the meeting may be delivered at any time by phone or other verbal means, but the convener shall make explanations at the meeting.

ARTICLE 8 CONTENTS OF THE NOTICE ON THE MEETING

A written notice on the meeting shall at least include:

- (1) the time and venue of the meeting;
- (2) the matters (proposals) to be reviewed;
- (3) the convener and the presider of the meeting, the proposer of the extraordinary meeting as well as the written proposals;
- (4) meeting materials necessary for the Supervisors' voting;
- (5) the requirement on personal attendance by Supervisors;
- (6) the contact person and contact method.

A verbal notice on meeting shall at least include the contents set out in paragraphs (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the board of supervisors under urgent circumstances.

ARTICLE 9 FORMS OF MEETING

Meeting of the board of supervisors may be held on-site, by fax or telecommunication means.

In case of emergencies, the meetings of the board of supervisors may vote by telecommunication, however, the convener of the meeting (presider) shall describe the

emergency in details to present Supervisors. In case of voting by telecommunication, the Supervisors shall fax their written opinions on the matters under consideration and the voting intention to the Office of the board of supervisors after confirmation by signature. The Supervisors shall not provide their voting intention only without written opinions or the reason for voting.

ARTICLE 10 HOLDING OF THE MEETINGS

The meeting of the board of supervisors shall be held only when two-thirds or more of the Supervisors attend the meeting. If the quorum of the meeting cannot be met as a result of Supervisors' refusal to attend or absence without reasons, other Supervisors shall timely report such circumstances to the regulatory authority.

The Secretary to the Board and the Securities Representative shall attend the meeting of the board of supervisors as non-voting participants.

ARTICLE 11 REVIEW PROCEDURES OF THE MEETINGS

The presider shall request the Supervisors present at the meeting to express definite opinions on each proposal.

Upon proposal by the Supervisors, the presider of the meeting shall require relevant Directors, Senior Management, other employees of the Company or the personnel of relevant intermediary bodies to attend the meeting to receive inquiry.

ARTICLE 12 RESOLUTION OF THE MEETING OF THE BOARD OF SUPERVISORS

Voting on resolutions at a meeting of the board of supervisors shall be executed in open ballot and in written with each person having one vote.

The voting intention of the Supervisors shall be divided into the following categories: affirmative, negative or abstaining from voting. The attending Supervisors shall choose any one of the aforesaid voting intentions. If any Supervisor does not choose any intentions or simultaneously chooses two or more intentions, the presider shall require such Supervisor to make a new choice. If such Supervisor refuses to do so, he/she shall be deemed as abstaining from voting. If any Supervisor leaves the meeting venue halfway without returning and thus does not make a choice, he/she shall be deemed as abstaining from voting.

Resolutions of the board of supervisors shall be passed by two-thirds or more of its members.

ARTICLE 13 AUDIO RECORDS OF MEETING

In respect of a meeting of the board of supervisors, audio record may be made, if necessary, for the whole meeting.

ARTICLE 14 MINUTES OF MEETING

The staff members of the Office of the board of supervisors shall prepare the minutes of meeting for on-site meetings. The minutes of meeting shall include:

- (1) the number of session, time, venue of the meeting and the form in which it is held;
- (2) the circulation of the notice on the meeting;
- (3) the convener and the presider of the meeting;
- (4) the attendance of the meeting;
- (5) proposals considered at the meeting, the gist of every Supervisor's speaking and main opinions in respect of relevant matters and voting intentions for the proposals;
- (6) the method and results of voting on each proposal (the number of affirmative, negative and abstaining votes shall be specifically indicated);
- (7) such other matters which the attending Supervisors consider necessary to record.

ARTICLE 15 SIGNATURE OF SUPERVISORS

Minutes of meetings shall be confirmed by the Supervisors present at the meeting with their signatures. If any Supervisor holds dissenting opinions to the minutes of meeting or records of resolution, he/she may make a written note when signing his/her name. Where necessary, the Supervisor may also report the same to the regulatory authority or make a public declaration.

If any Supervisor refuses to give confirmation by signature in accordance with the preceding paragraph, nor does he/she express dissenting opinions with written explanation, report his/her dissenting opinions to the regulatory authority or make a public declaration, such Supervisor shall be deemed to be in total agreement with the contents of the minutes of meeting and records of resolutions.

ARTICLE 16 ANNOUNCEMENT OF RESOLUTIONS

The announcement of the resolutions adopted by the board of supervisors shall be made by the Secretary to the Board according to the regulatory rules and listing rules at the place of listing of the Shares of the Company including the Proposed Model Rules of Procedure for board of supervisors of Listed Companies on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Place Regulations").

ARTICLE 17 IMPLEMENTATION OF RESOLUTIONS

The Chairman of the board of supervisors shall procure the relevant persons to implement the resolutions formed by the board of supervisors. The chairman of the board of supervisors shall report at future meetings of the board of supervisors the implementation of resolutions adopted.

ARTICLE 18 MAINTENANCE OF MEETING ARCHIVES

The board of supervisors meeting archives including meeting notices, meeting materials, attendance lists of the meeting, audio record of the meeting, votes, meeting minutes signed by the Supervisors for confirmation, announcement of resolutions, shall be kept by personnel designated specially by the Chairman of the board of supervisors.

The meeting archives of the meeting of the board of supervisors shall be kept for 10 years or more.

ARTICLE 19 SUPPLEMENTARY PROVISIONS

In the Rules, reference to “over” or “more than” shall be inclusive.

Matters not covered by the Rules shall be executed in accordance with the relevant applicable laws, regulations, regulatory documents, Listing Place Regulations and Articles of Association of the Company. In case of any conflict between the Rules and the relevant applicable laws, regulations, regulatory documents, Listing Place Regulations and Articles of Association of the Company, the latter shall prevail.

The Rules shall be subject to the interpretation by the board of supervisors in accordance with the relevant applicable laws, regulations, regulatory documents, Listing Place Regulations and Article of Association of the Company.

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

Fuguiniao Co., Ltd. Rules for Connected Transactions

CHAPTER I GENERAL PROVISIONS

Article 1 With a view to regulating the connected transactions of Fuguiniao Co., Ltd. (hereinafter referred to as the “Company”), protecting the legal interests of investors particularly those of minority investors, ensuring fairness, justice and openness of connected transactions entered into between the Company and its connected persons, the Company has formulated the Rules in accordance with such laws, regulations and regulatory documents as the Company Law of the People’s Republic of China, the Guarantee Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (hereinafter referred to as the “SSE Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HK Listing Rules”) and relevant provisions of the Articles of Association of Fuguiniao Co., Ltd. (hereinafter referred to as the “Articles of Association”).

Article 2 Transactions between the Company and its connected person(s) shall be conducted under the following fundamental principles:

- (1) principle of equality, voluntariness, equivalence in value and consideration;
- (2) principle of fairness, justice and openness;
- (3) strictly comply with laws, regulations and regulatory documents for necessary connected transactions;
- (4) connected shareholders and connected directors shall execute the avoidance systems stipulated in the Articles of Associations for necessary connected transactions;
- (5) handle connected transactions between the Company and its connected persons without detriment to the legal interests of shareholders, particularly minority shareholders, and appoint an independent financial advisor or professional valuer to issue its opinions and reports when necessary;
- (6) independent directors shall clearly express their independent opinions on material connected transactions.

Article 3 The connected transactions between the Company and its connected persons shall be subject to the relevant requirements in the rules for connected transaction, SSE Listing Rules and HK Listing Rules as well as other relevant laws, regulations, regulatory documents and the Articles of Association.

CHAPTER II CONNECTED TRANSACTIONS

Article 4 Connected transactions refer to the transfer of resources or obligations entered into between the Company and the holding companies of the Company with its connected persons, including but not limited to:

- (1) purchase or sale of assets;
- (2) investment in other enterprises (including designated financial management and designated loans, etc.);
- (3) provision of financial assistance;
- (4) provision of guarantees;
- (5) lease or rental of assets;
- (6) designated or entrusted management of assets and business;
- (7) donation or receipt of donation of assets;
- (8) restructuring of claims or debts;
- (9) execution of licensing agreements;
- (10) transfer or receipt of transfer of research and development projects;
- (11) purchase of raw materials, fuels or powers;
- (12) sale of products or goods;
- (13) provision or receipt of labour services;
- (14) designated or entrusted sales;
- (15) joint investment with connected persons;
- (16) deposits or loans with the finance companies of the connected persons;
- (17) other matters which may lead to transfer of resources or obligations through agreements;
- (18) other matters that fall into the definition of connected transactions under the SSE Listing Rules, the HK Listing Rules and other applicable rules and regulations.

Article 5 The connected transactions shall be conducted upon commercial principles of fairness, justice and openness. The price of the connected transactions shall be determined in accordance with market pricing principles. Where there is no market price, it shall be determined in accordance with the agreement. The Company shall enter into a written contract or agreement for the connected transactions with clearly defined terms and conditions.

Article 6 The Company shall adopt effective measures to prevent shareholders and their connected persons from appropriation or transfer of funds, assets and other resources of the Company by any means.

CHAPTER III CONNECTED PERSONS

Article 7 Connected persons of the Company include connected legal persons and connected natural persons.

Article 8 Legal persons or other organisations fulfilling any of the following circumstances are the connected legal persons of the Company:

- (1) legal persons or other organisations who/which have direct or indirect control over the Company;
- (2) legal persons or other organisations who/which are directly or indirectly controlled by the legal persons as mentioned in the preceding clause, excluding the Company and its controlling subsidiaries;
- (3) legal persons or other organisations who/which are directly or indirectly controlled by the connected natural persons of the Company as specified in Article 9 under the Rules, or are the directors and senior management, excluding the Company and its controlling subsidiaries;
- (4) legal persons or other organisations holding more than 5% of the shares in the Company and its parties acting in concert;
- (5) other legal persons or other organisations, as identified by the CSRC, The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the SSE Listing Rules, the HK Listing Rules, or the Company based on the principle of substance over form, to whom the Company's interest may be or has been in their favour due to their special relationships with the Company.

Article 9 Persons fulfilling any of the following circumstances are the connected natural persons of the Company:

- (1) natural persons directly or indirectly holding more than 5% of the shares in the Company;
- (2) the directors, supervisors and senior management of the Company;
- (3) the directors, supervisors and senior management of the legal persons as specified in clause (1) of Article 8 under the Rules;

- (4) family members who have close relationship with the persons as specified in clauses (1) and (2) of this Article, including their spouses; parents and parents of their spouses; siblings and their spouses; children aged over 18 and their spouses; siblings of their spouses and parents of their children's spouses;
- (5) natural persons as identified by the CSRC, the Stock Exchange, the SSE Listing Rules, the HK Listing Rules, or the Company based on the principle of substance over form, to whom the Company's interest may be in their favour due to their special relationships with the Company.

Article 10 Legal persons or natural persons fulfilling any of the following circumstances are the connected persons of the Company:

- (1) legal persons or natural persons who have entered into agreements or arrangements with the Company or its connected persons, and who, upon effecting the agreements or the arrangements provided therein, or within the forthcoming twelve months, will fulfill any of the circumstances stipulated under Article 8 and Article 9;
- (2) legal persons or natural persons who used to be those as described in Article 8 and Article 9 in the previous twelve months.

Article 11 Directors, supervisors, senior management of the Company, shareholders holding more than 5% of shares of the Company and their parties acting in concert or de facto controllers shall promptly notify the Company in the event of any existence of connected relationship between them and the Company.

CHAPTER IV PROCEDURES AND DISCLOSURE OF CONNECTED TRANSACTIONS

Part 1 Avoidance systems

Article 12 When the Board of the Company is considering the matters of connected transaction, connected directors shall not vote, nor shall he/she vote on behalf of other directors. The Board meeting may be convened if more than one half of the non-connected directors attend the meeting. Resolutions of the Board shall be approved by more than one half of non-connected directors. When there are less than three non-connected directors present at the Board meeting, the Company shall submit such transactions to the general meeting for consideration.

The connected directors referred to in the foregoing clause include the following directors or those directors fulfilling any of the following circumstances:

- (1) a party to the transaction;
- (2) employed by a party to the transaction(s) or by a legal person or other organisations with direct or indirect control over the party to the transaction(s) and by a connected person or other organisations under direct or indirect control of the party to the transaction(s);

- (3) a person who has direct or indirect control over the party to the transaction(s);
- (4) a close family member of a party to the transaction(s) or of a person who has direct or indirect control over the party to the transaction(s) (for the details of the scope, please refer to the provisions of clause (4) of Article 9 of the Rules);
- (5) a close family member of any director, supervisor and senior management of a party to the transaction(s) or of a person who has direct or indirect control over the party to the transaction(s) (for details of the scope, please refer to the provisions of clause (4) of Article 9 of the Rules);
- (6) a person whose independent business judgment may be affected, as identified by the CSRC, the Stock Exchange, the SSE Listing Rules, the HK Listing Rules or the Company due to other reasons.

Article 13 When the general meeting considers matters of a connected transaction, the following shareholders shall abstain from voting:

- (1) a party to the transaction;
- (2) a person who has direct or indirect control over the party to the transaction(s);
- (3) under direct or indirect control of the party to the transaction(s);
- (4) under direct or indirect common control of the same legal person(s) or natural person(s) as the party to the transaction(s);
- (5) a shareholder whose voting rights are restricted and affected due to any outstanding share transfer agreement or any other agreement entered into with the party to the transaction or its connected person(s);
- (6) a legal person or natural person to which the Company's interest may be in his favour as identified by the CSRC, the Stock Exchange, the SSE Listing Rules or the HK Listing Rules.

Part 2 Authorisation and procedures of connected transactions

Article 14 Connected transactions contemplated by the Company shall be proposed in writing by functional departments of the Company to the chairman and the office of the Board. The proposal shall set out the specific matters of the connected transaction, pricing basis and the level of impact to the interests of the Company and shareholders. The chairman or the office of the Board shall perform the relevant procedures in accordance with the limit approved.

Article 15 Any guarantee provided by the Company to a connected person shall be disclosed timely and put forward to the general meeting for consideration after being considered and approved by the Board, regardless of the amount.

When the Company provides guarantees to a shareholder with shareholding of less than 5%, it shall be disclosed timely and put forward to the general meeting for consideration after being considered and approved by the Board, and the shareholders shall abstain from voting at that general meeting.

Article 16 The Board of the Company may decide on the following connected transactions and shall make disclosure promptly:

- (1) if the transaction amount of the connected transaction to be entered into between the Company and a connected natural person exceeds RMB300,000, provided that the Company shall not directly or indirectly provide loans to the directors, supervisors or senior management of the Company;
- (2) if the total transaction amount of the connected transaction (except provision of guarantee by the listed company) to be entered into between the Company and a connected legal person exceeds RMB3,000,000 and represents 0.5% of the absolute value of the latest audited net assets of the Company, disclosure shall be made promptly;
- (3) for connected transactions entered into by the same target or the same connected person, the amount shall be aggregated in 12 consecutive months.

Article 17 The following connected transactions shall be considered and approved at the general meeting of the Company: any transaction (except where the Company provides guarantee, receives donation of any assets in cash, liabilities that simply reduce a listed company's obligations) between the Company and the connected person(s) with a transaction amount of RMB30 million or above and which represents 5% or above of the absolute value of the latest audited net assets of the Company. For connected transactions entered into by the same target or the same connected person, the amount shall be aggregated in 12 consecutive months.

In addition to timely disclosure, the Company shall also engage a qualified accountant that conducts securities and futures related business to audit the financial statements of the target of the transaction in the current year and period where the period between the audit date and the agreement date shall not exceed six months. Where the target of the transaction refers to other assets other than equity interests, the Company shall engage an asset appraiser that conducts securities and futures related business to conduct the valuation and the valuation date shall be within one year from the agreement date.

The Company may engage an independent financial advisor to issue an opinion and an independent financial advisor report as to whether the connected transactions subject to approval at the general meeting are fair and reasonable so far as all the shareholders are concerned.

The transaction target of a connected transaction conducted in the course of ordinary business under Article 23 in the Rules may be exempted from auditing or valuation.

Article 18 For connected transactions to be entered into between the Company and the connected persons with total transaction amount exceeding RMB3 million or representing 0.5% or above of the latest audited net assets of the Company, such transactions shall obtain prior approval from independent directors and written approval documents shall be signed by them before being proposed to the Board for discussion. In addition, the independent directors shall issue an independent opinion. When necessary, the independent directors, before making its judgment, may request to engage a securities service firm to issue the independent financial advisor report as basis for its judgment.

Article 19 When the Company and its connected person(s) jointly contribute capital to establish a company, the transaction amount shall be the capital contributed by the Company, which is applicable to the provisions of Article 17 and Article 18 in the Rules.

When the capital contributed by the Company reaches the standard stipulated under Article 18, and when all parties to the capital contribution contribute capital in cash with their respective shareholdings in the established company confirmed in accordance with their proportion of capital contribution, an application for exemption from submission to the general meetings may be filed to the Shanghai Stock Exchange.

Article 20 Where the Company enters into a connected transaction relating to the “provision of financial assistance” or “designated financial management”, the actual amount involved shall be used as calculation standard for disclosure, and the amount shall be aggregated in 12 consecutive months according to the transaction classification. Where the aggregate amount reaches the standards set out in Article 17 and Article 18, the provisions of above articles shall apply.

Before the proposed connected transactions are conducted or approved, if the relevant obligations under Article 17 and Article 18 have been performed, these items shall not be included in the scope of relevant aggregation.

Article 21 The provisions of Article 17 and Article 18 shall apply in accordance with the principle of aggregation calculation for the following connected transactions of the Company that are conducted in 12 consecutive months:

- (1) for the transactions entered into with the same connected person;
- (2) for the transactions entered into with different connected persons relating to the category of transaction target.

The same connected person referred to above includes other connected persons under the same control of an entity with that connected person, or that have control of interests in each other.

If the relevant obligations under Article 17 and Article 18 have been performed, these items shall not be included in the scope of relevant aggregation.

Article 22 Where the Company and a connected person enter into a connected transaction as specified in clauses (11) to (14) of Article 4 in the course of ordinary business, such connected transaction shall be disclosed and considered by following the procedures in accordance with the following requirements:

- (1) For any new connected transactions conducted in the course of ordinary business, the Company shall enter into a written agreement with the connected person and make prompt disclosure. Such transaction shall, with reference to the transaction amount involved in the agreement applicable to the provisions in Article 17 and Article 18, be submitted to the Board or the general meeting for consideration. Where no specific transaction amount is provided in the agreement, the transaction shall be submitted to the general meeting for consideration;
- (2) If any agreement of connected transaction entered into in the ordinary course of business, considered and approved by the Board or general meeting and is being executed, does not have any significant changes to their major terms in the course of execution, the Company shall disclose the actual performance of each agreement in its regular reports, and shall state whether the terms of such agreement are complied with. In the event of any substantial changes to the major terms of such agreement during the course of execution or where such agreement expires and shall be renewed, the Company shall, with reference to the transaction amount involved in such agreement applicable to the provisions of Article 17 and Article 18, submit the newly amended or renewed agreement on the connected transactions conducted in the ordinary course of business to the Board or the general meeting for consideration. Where no specific transaction amount is provided in the agreement, the transaction shall be submitted to the general meeting for consideration;
- (3) If the Company enters into many connected transactions in the ordinary course of business each year and it is necessary to enter into new agreements for the connected transactions in the ordinary course of business frequently, making it difficult for the Company to submit each agreement to the Board or the general meeting for consideration under clause (1) of this Article, the Company may make reasonable estimation of the total amount of these connected transactions to be entered into during the year prior to the disclosure of the annual report for the preceding year, and make disclosure and submit the transactions to the Board or general meeting with reference to such estimated amount applicable to the provisions in Article 17 and Article 18. With respect to the connected transactions in the ordinary course of business within the range of estimation, the Company shall make disclosure in the annual report and interim report. If the actual amount of connected transactions in the ordinary course of business exceeds the estimated total amount, the Company shall make disclosure and resubmit the transactions to the Board or general meeting for consideration with reference to the surplus amount applicable to the provisions in Article 17 and Article 18.

Article 23 An agreement of connected transactions in the ordinary course of business shall at least include the major terms such as transaction price, pricing principle and basis, total transaction amount or its determination method and payment term.

Where only market price is available for reference instead of a specific transaction price in the agreement, the Company shall, in addition to fulfilling the disclosure obligations under Article 27 hereof, disclose the actual transaction price, market price and its determination method, and the reason for any difference between the prices.

Article 24 Where the Company and a connected person enter into a connected transaction in the ordinary course of business for a term of more than three years, the Company shall re-perform the review procedures and disclosure obligations for every three years in accordance with the requirements hereof.

Article 25 For connected transactions between the Company and its connected persons arising from acts such as public tenders or public auctions, the Company may apply to the stock exchanges or regulatory authorities for a waiver of the relevant obligations under the Rules.

Article 26 Relevant obligations under the Rules may be waived for the following connected transactions entered into between the Company and its connected persons:

- (1) either party subscribes in cash the shares, company bonds or corporate bonds, convertible bonds or other types of derivatives of the other party which are issued to the public;
- (2) either party, as a member of the underwriters, underwrites the shares, company bonds or corporate bonds, convertible bonds or other types of derivatives of the other party which are issued to the public;
- (3) either party collects dividend, bonus or reward in accordance with the resolutions passed at the general meeting of the other party;
- (4) other circumstances as defined under the SSE Listing Rules and the HK Listing Rules.

Article 27 The Board of the Company shall at least consider and review the following factors or documents upon reviewing the reasonableness of the relevant connected transactions:

- (1) background and description of the connected transactions;
- (2) connected relationship between the parties and basic information of the connected persons, and the major qualifications of the connected persons;
- (3) the pricing policy and basis of the transaction, including the relationship between the transaction price and the book value or assessed value of the transaction target and specific and fair market price, and other special pricing matters requiring explanation given the special nature of the transaction target; if the transaction price differs significantly from the book value or assessed value or market price, the reason shall be provided. Where the transaction is unfair, the direction of transfer of interests arising from the transaction shall be disclosed;

- (4) the main content of the transaction agreement, including transaction price and settlement method, nature and proportion of interests of the connected person in the transaction, validation conditions and validity period of the agreement, time limit for performance, etc. and other agreements, contracts or any other written agreements in relation to the connected transactions;
- (5) the objective of the transaction and its impact on the Company, including the necessity and true purpose of the connected transaction, and the impact on the current and future financial positions and business results of the Company;
- (6) the aggregate amount of various connected transactions already entered into with such connected person from the beginning of the current year to the date of meeting of the Board;
- (7) the intermediary report (if any);
- (8) other materials considered necessary.

Article 28 When the general meeting resolves on the connected transaction, other than the documents stated in Article 28, it also has to review the following documents:

- (1) opinions issued by the independent directors of the Company in respect of the transaction;
- (2) opinions issued by the board of supervisors of the Company in respect of the transaction.

Article 29 Connected transactions with transaction amount of RMB30 million or above and representing 5% or above of the latest audited net assets of the Company shall be executed after the relevant agreement is signed and affixed with seal by the parties to the connected transaction and the relevant resolution is considered and passed at the general meeting.

Article 30 If within its validity period, an agreement or a contract of connected transaction must be terminated or amended due to force majeure or changes in production and operating conditions, the relevant parties may terminate the agreement or amend or supplement the contents of the agreement. The supplement to or amendment of the agreement may, depending on the circumstances, take effect immediately or upon approval and confirmation by the Board or the general meeting.

CHAPTER V DISCLOSURE OF CONNECTED TRANSACTIONS

Article 31 The Secretary to the Board shall be responsible for the disclosure of connected transactions of the Company in accordance with the relevant requirements of the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public (《公開發行證券的公司信息披露內容與格式準則》) issued by the CSRC, the SSE Listing Rules and HK Listing Rules, and the submission of relevant documents.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 32 Matters not covered in the Rules shall be executed in accordance with the relevant applicable laws, regulations and regulatory documents, regulations and requirements of listing place(s) of the Company, the SSE Listing Rules, the HK Listing Rules and the relevant provisions of the Articles of Association. If there are any contraventions between the Rules and the relevant applicable laws, regulations, regulatory documents, regulations and requirements of listing place(s) of the Company, the SSE Listing Rules, the HK Listing Rules and the relevant provisions of the Articles of Association, the provisions of the relevant applicable laws, regulations, regulatory documents, regulations and requirements of listing place(s) of the Company, the SSE Listing Rules, the HK Listing Rules and the Articles of Association shall prevail.

Article 33 In the Rules, reference to “above”, “below” or “within” shall be inclusive, whereas reference to “more than”, “less than or “below” shall be exclusive.

Article 34 Interpretation on the Rules shall be subject to the Board of the Company in accordance with the relevant applicable laws, regulations, regulatory documents, regulations and requirements of listing place(s) of the Company, the SSE Listing Rules, the HK Listing Rules and relevant provisions of the Articles of Association.

Fuguiniao Co., Ltd.
Rules for Management of Provision of External Guarantee

CHAPTER I GENERAL PROVISIONS

Article 1 With a view to protecting the legal interests of investors, regulating the provision of external guarantees by Fuguiniao Co., Ltd. (hereinafter referred to as the “Company”), averting risks in the provision of external guarantees by the Company and ensuring the guarantee of the Company’s assets, the Company has formulated the Rules based on its actual situation in accordance with such laws, regulations and regulatory documents as the Company Law of the People’s Republic of China, the Guarantee Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Notice on Regulation of External Guarantee Acts of Listed Companies (《關於規範上市公司對外擔保行為的通知》) and relevant provisions of the Articles of Association.

Article 2 External guarantees specified herein shall refer to the guarantees provided by the Company to a third party, including those provided by the Company to its holding subsidiaries.

Article 3 The Company exercises centralised management over external guarantees, unless otherwise approved by the Board or the general meeting of the Company, no individual is entitled to enter into any contracts, agreements or other similar legal documents on external guarantees in the name of the Company.

Article 4 The directors and senior management of the Company shall exercise caution and strict control over liability risks associated with guarantee, and accept joint responsibilities for losses arising from illegal or inappropriate provision of external guarantees.

Article 5 External guarantees provided by the holding subsidiaries or subsidiaries actually controlled by the Company are deemed as acts of the Company, and shall be executed in accordance with the Rules. Such holding subsidiaries shall inform the Company its obligations over information disclosure timely after a resolution is made by the Board or the general meeting.

Article 6 The Company shall observe the principle of legal compliance, caution, mutual benefit and guarantee when providing external guarantees, and shall control the guarantee risk in a stringent manner.

Article 7 The Company shall take measures such as counter-guarantee necessary for risk control upon provision of guarantee to a third party, and the provider of the counter-guarantee shall be actually capable of honouring such undertakings.

Article 8 According to the regulations and requirements of listing place(s), the independent directors of the Company shall make specific statements on the accumulated and current external guarantees provided by the Company and furnish independent opinions of the same in the annual report or on other disclosure date and in other disclosure manner provided in the regulations and requirements of listing place(s).

CHAPTER II EXAMINATION ON THE GUARANTEED PARTY

Article 9 The Company may provide guarantee to an entity which is an independent legal person and meets one of the following criteria:

- (1) it is a mutual guarantee entity due to business needs of the Company;
- (2) it is an entity that has an important business relationship with the Company;
- (3) it is an entity that has a potential important business relationship with the Company;
- (4) it is the Company's holding subsidiary or other entities of controlling relationship with the Company.

The aforementioned entities shall have relatively strong solvency and shall meet other relevant provisions of the Rules.

Article 10 Notwithstanding the provisions set out in Article 9 herein, the Company may still provide guarantees to parties who do not comply with such criteria upon the approval of members of the Board or the general meeting, if the development of business relationship and partnership with such parties seeking guarantees is deemed desirable by the Company and the level of risks involved is relatively low.

Article 11 Before making decision to provide guarantee to a third party or submitting such proposal to the general meeting for voting, the Board of the Company shall procure a thorough understanding of the debtor's credit status and make a thorough analysis of the benefits and risks associated with such guarantee.

Article 12 Credit documents and information of a guarantee applicant shall at least include the following items:

- (1) the primary information of the company including photocopies of the business license and the articles of association, identity proof of its legal representative, the relevant information indicating its connected relationships and other relationships with the Company;
- (2) the guarantee application letter, including but not limited to the form, duration and amount of the guarantee;
- (3) the audited financial reports in the past three years and analysis on its solvency;
- (4) the photocopy of the principal contracts related to the loan;
- (5) the conditions and relevant information of the counter-guarantee provided by guarantee applicant;

- (6) a statement declaring that it is not involved in any potential or on-going material litigation, arbitration or administrative penalty;
- (7) any other important information.

Article 13 Based on the basic information provided by the guarantee applicant, the responsible officer shall investigate and verify the guarantee applicant's business operation, financial position, project status and credit status, as well as the prospects of the industry and then submit the application to the relevant departments for review in accordance with the contract approval procedures. Following the approval by line managers and the general manager, the relevant information shall be submitted to the Board or the general meeting for approval.

Article 14 The Board or the general meeting shall review and vote upon the submitted materials. The voting results shall be kept in record. No guarantee shall be provided in case of any of the following circumstances or if the information provided is insufficient:

- (1) the use of capital does not comply with the laws, regulations or industry policies of the PRC;
- (2) false records or information are found in the financial and accounting documentation of the past three years;
- (3) overdue of loan repayments or default of interest payments on bank loans for which the Company has provided guarantee, and they remained outstanding without any effective remedial measures confirmed as at the time of the guarantee application;
- (4) deterioration in operating conditions and reputation, with no signs of improvement;
- (5) a failure in ascertaining any valid property against which counter-guarantee are to be provided;
- (6) pursuant to the requirements of the regulatory authorities of the listing place(s) of the Company, such other circumstances under which the directors decide that a guarantee shall not be provided.

Article 15 The counter-guarantee or other effective risk-control measures provided by the guarantee applicant shall match the guaranteed amount. No guarantee shall be provided to the guarantee applicant if the property pledged by the guarantee applicant as counter-guarantee is prohibited by the laws and regulations against free transfer or otherwise non-negotiable.

CHAPTER III EXAMINATION AND APPROVAL PROCEDURES FOR EXTERNAL GUARANTEE

Article 16 The general meeting is the highest decision-making body in respect of external guarantees provided by the Company. The Board exercises its decision-making power over external guarantees pursuant to its authority for the approval of external guarantees as specified in the *Articles of Association* and the requirements stipulated in the authorisation from the general meeting of the Company. As regards any external guarantees beyond the approval authority of the Board as stipulated in the *Articles of Association* or the respective approval authority of the Board authorised by the general meeting, the Board shall prepare and submit a proposal to the general meeting for approval. The Board shall organise, manage and implement the external guarantees approved by the general meeting.

Article 17 Any matters of external guarantee within the approval authority of the Board shall be approved by a simple majority of votes held by all the directors and more than two-thirds of votes held by the attending directors at the meeting of the Board.

Article 18 External guarantees subject to the approval of the general meeting must be reviewed and approved by the Board before being submitted to the general meeting for approval. External guarantees provided in the following circumstances are subject to the approval of the general meeting, including but are not limited to:

- (1) any guarantee to be provided after the total amount of external guarantees provided by the Company and its holding subsidiaries reaches or exceeds 50% of the Company's latest audited net asset value;
- (2) any guarantee to be provided within one year exceeds 30% of the Company's net assets in the latest audited consolidated financial statements of the Company;
- (3) any guarantee provided for a party with an asset to liability ratio of more than 70%;
- (4) a single guarantee with an amount exceeding 10% of the Company's latest audited net asset value;
- (5) any guarantee with an aggregate amount accumulated through 12 consecutive months exceeding 30% of the Company's latest audited total assets;
- (6) any guarantee with an aggregate amount accumulated through 12 consecutive months exceeding 50% of the Company's latest audited net asset value, and exceeding RMB50 million in absolute value;
- (7) any guarantee subject to the consideration and approval of the general meeting as stipulated under other laws, administrative regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the *Articles of Association*.

A guarantee which falls within the authorities of the Board requires the approval by more than two-thirds of Directors present at the meeting in addition to the approval by more than half of all the Directors. The guarantee set out in the preceding subparagraph (5) shall be subject to the approval by more than two-thirds of the voting rights held by Shareholders present at the meeting.

Upon consideration and approval by the Board, any guarantees provided by the Company to controlling shareholders, de facto controllers and their connected persons (as provided in relevant requirements of the regulations and requirements of listing place(s) of the Company) shall be disclosed timely subject to the requirements of the regulations and requirements of listing place(s) of the Company and be put forward to the general meeting for consideration with approval from more than one half of non-connected shareholders as required, regardless of the amount.

When the Company provides guarantee to a shareholder holding less than 5% of the shares in the Company, the requirements in the preceding paragraph shall be followed and such shareholder shall abstain from voting at that general meeting.

The Company shall not provide external guarantee unless the resolution on such guarantee is approved by the Board or the general meeting in accordance with relevant procedures provided herein or the regulations and requirements of listing place(s).

Article 19 Where necessary, the Company may engage an external professional organisation to evaluate the risks relating to the implementation of external guarantees, and such evaluation shall form basis of decision-making for the Board or the general meeting.

Article 20 The Company shall enter into guarantee contracts and counter-guarantee contracts in respect of external guarantees in writing. The guarantee contracts and the counter-guarantee contracts shall include contents as required by such laws and regulations as the Guarantee Law of the People's Republic of China, the Contract Law of the People's Republic of China and relevant requirements of other jurisdiction(s) applicable to the aforesaid contracts.

Article 21 The guarantee contracts shall at least include the following particulars:

- (1) the category and amount of the principal creditor's right to be secured;
- (2) the term for the debtor to settle his debt;
- (3) the form of guarantee;
- (4) the scope of guarantee;
- (5) the term of guarantee;
- (6) such other matters deemed as necessary to be agreed upon by both parties.

Article 22 Before signing a guarantee contract, the person in charge shall comprehensively and diligently review the signees and relevant particulars of the principal contract, the guarantee contract and the counter-guarantee contract. The person in charge shall request the relevant party to revise clauses which contravene the laws, regulations, the regulations and requirements of listing place(s), the *Articles of Association* and relevant resolutions of the Board or the general meeting and which impose unreasonable obligations on the Company or terms involving unpredictable risks. If such party refuses to revise these clauses, the person in charge shall decline to provide guarantee for such party and report to the Board or the general meeting of the Company.

Article 23 The legal representative or other personnel legally authorised may sign guarantee contracts on behalf of the Company pursuant to the resolutions of the Board or the general meeting. No individual is entitled to sign guarantee contracts on behalf of the Company without the approval for and authorisation by resolution of the general meeting or the Board. The person in charge shall not sign guarantee contracts or act as the guarantor to sign or seal principal contracts which are beyond his authorisation.

Article 24 The Company may enter into mutual guarantee agreements with corporate legal person who meets the conditions specified in the Rules. The person in charge shall, in a timely manner, require such corporate legal person to provide authentic financial and accounting statements and other materials that reflects its solvency.

Article 25 Upon receipt of a counter-guarantee mortgage or a counter-guarantee pledge, relevant departments of the Company shall complete relevant legal procedures in association with its legal department, especially the timely registration of such mortgage or pledge and other procedures.

Article 26 If a debt secured by the Company needs to be extended upon maturity and needs the Company to continue to provide guarantee, such guarantee shall be deemed as a new external guarantees and undergo relevant examination and approval procedures of guarantees.

CHAPTER IV MANAGEMENT OF EXTERNAL GUARANTEE

Article 27 External guarantees shall be managed by the financial department.

Article 28 The major duties of the Company's financial department are as follows:

- (1) to investigate into and evaluate the credit status of the secured entity;
- (2) to complete the formalities for the guarantee procedures;
- (3) to duly keep track of, inspect and monitor the secured entity after external guarantees is provided;
- (4) to manage the filing of the documentation of the secured enterprise in a serious manner;

- (5) to provide the Company's auditing department with a complete and accurate record of all the Company's external guarantees in a timely manner in accordance with the requirements;
- (6) to handle such other matters related to guarantee.

Article 29 The Company shall keep the guarantee contracts and relevant original materials in proper order and conduct reviews in a timely manner; it shall conduct cross-checking with relevant institutions such as the bank to ensure the completeness, accuracy and validity of its filed data, and take heed of the term of the guarantee.

During the course of contract management, the Company shall report to the Board and the board of supervisors in a timely manner upon identification of any improper contracts that have not been approved in accordance with the examination procedures of the Board or the general meeting.

Article 30 The Company shall assign a specific officer to monitor the condition of the guarantee continuously, gather the latest audited financial information and audit report of the guarantee, analyse regularly its financial position and solvency, and monitor its business operation, assets and liabilities, external guarantees, division and merger and changes of legal representatives etc.

The relevant responsible officer shall report to the Board in a timely manner once any significant issues such as serious deterioration of the business operation, dissolution or division of the guarantee comes to his notification. The Board is obliged to adopt effective measures to minimise the losses.

Article 31 In the event that the guarantee to which the Company provides guarantee fails to honour the obligation to repay debts upon maturity, or such guarantee becomes bankrupt or goes into liquidation or the creditors claim against the Company for performance of the guarantee obligations, the Company's responsible departments shall inquire the condition of the debt repayment of the guarantee in a timely manner, be prepared to activate the counter-guarantee claim procedures and simultaneously report such matter to the Secretary to the Board, who shall inform the Board of the same promptly.

Article 32 In the event that the guarantee fails to fulfil its contractual obligations and its creditor requests the Company to fulfil its guarantee obligation, the Company's responsible departments shall activate the counter-guarantee claim procedures instantly and simultaneously report such matter to the Secretary to the Board, who shall inform the Board of the same promptly.

Article 33 After fulfilling its guarantee obligation for the debtor, the Company shall adopt effective measures to demand compensation from the debtor. The Company's responsible departments shall report the claim issue to the Secretary to the Board, who shall inform the Board of the same promptly.

Article 34 If it becomes evident to the Company that the guarantee has become or is likely to become insolvent, the Company shall adopt necessary measures in a timely manner for effective risk control. If malicious collusion between the creditor and the debtor that impairs the Company's interests is found, the Company shall take prompt measures such as requesting confirmation of the nullification of the guarantee contract. The Company shall claim against the guarantee in a timely manner for any financial losses due to the default of the guarantee.

Article 35 In response to other potential risks, the financial department shall adopt effective measures and propose corresponding measures for review by line managers, who shall then submit such measures to the Board or the board of supervisors of the Company, as the case may be.

Article 36 If the Company acts as one of the guarantors of a debt that has been secured by two guarantors or more and it is agreed that the guarantors shall take their respective guarantee obligations in proportion, it shall refuse to undertake any guarantee obligation beyond and additional to the agreed proportion.

Article 37 After the debtor's bankruptcy application is accepted by the People's Court and before any creditor has submitted its claims, the responsible officer, the financial department and the legal department shall propose the Company to participate in the property allocation for bankruptcy and exercise its rights to claim in advance.

CHAPTER V INFORMATION DISCLOSURE OF EXTERNAL GUARANTEE

Article 38 Pursuant to the relevant provisions in the regulations and requirements of listing place(s) of the Company, the Articles of Association and the Principles on Information Disclosure, the Company shall duly perform its information disclosure obligation in relation to the provision of external guarantees.

Article 39 Any departments or personnel involved in the Company's external guarantee shall be obliged to report the status of the external guarantee to the Secretary to the Board the Company, and provide information as required for information disclosure.

Article 40 As regards the external guarantees examined and approved by the Board or the general meeting as set out in Article 17 and Article 18, the relevant disclosure shall be made through the information disclosure media in a timely manner as required by the regulations and requirements of listing place(s). The contents to be disclosed shall include but not limited to the resolutions of the Board or the general meeting, and the following information as of the information disclosure date: the total amount of external guarantees provided by the Company and its holding subsidiaries, the total amount of guarantee provided by the Company to its holding subsidiaries, and the respective proportions of the aforementioned amounts to the Company's latest audited net asset value, etc.

If the guarantee fails to repay debts within 15 trading days upon maturity or it is in bankruptcy or liquidation or faces other situations that substantially affect its solvency, the Company shall make relevant disclosure in a timely manner.

Article 41 Before the disclosure of guarantee information in accordance with laws, the Company's relevant departments shall adopt necessary measures to keep the number of people to whom such information is available to minimum. Any person who is aware of the Company's guarantee information by legal or illegal means shall be subject to inherent obligations for confidentiality until the day such information is disclosed in accordance with laws, failing which he shall assume any legal liability arising therefrom.

CHAPTER VI RESPONSIBILITIES OF THE RESPONSIBLE OFFICER

Article 42 The Company's external guarantees shall be provided in strict compliance with the Rules. The Board of the Company shall impose corresponding penalty on the relevant officers who has committed misconduct with reference to the size of the loss and risk, and the significance of the misconduct.

Article 43 If the Company's directors, general manager or other senior management members fail to act in accordance with the provisions of the Rules and sign a guarantee contract beyond their authority without authorisation, the relevant officer shall be held accountable.

Article 44 If losses are sustained as a result of violations of the legal requirements or the provisions of the Rules, negligence of risks and provision of guarantee without authorisation on the part of any of the Company's responsible departmental staff or other responsible officers, they shall assume liability for compensation.

Article 45 If any of the Company's responsible departmental staff or other responsible officers fails to fulfil his duties and subsequently causes a loss to the Company; he shall be subject to economic punishment or administrative sanctions depending on the severity of his failure in duties.

Article 46 Where the Company is free from guarantee liability according to the laws, but the Company's responsible departmental staff or other responsible officer acts without authorisation and results in the Company's assumption of liability and subsequent losses, such officers shall be subject to administrative sanctions by the Company and shall assume liability for compensation.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 47 In the Rules, reference to "over" or "more than" shall be inclusive.

Article 48 Matters not covered in the Rules shall be executed in accordance with the relevant applicable laws, regulations, regulatory documents, regulations and requirements of listing place(s) of the Company and listing rules including the Rules Governing the Listing of Stocks on Securities on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred to as "Regulations and Requirements of Listing Place(s)" herein) and the relevant provisions of the Articles of Association. If there are any contraventions between the Rules and the relevant applicable laws, regulations, regulatory documents, the Regulations and Requirements of Listing Place(s) and relevant provisions of the Articles of Association, the provisions of the relevant applicable laws, regulations, regulatory documents, the Regulations and Requirements of Listing Place(s) and the Articles of Association shall prevail.

Article 49 Interpretation on the Rules shall be subject to the Board of the Company in accordance with the relevant applicable laws, regulations, regulatory documents, the Regulations and Requirements of Listing Place(s) and relevant provisions of the Articles of Association.

Fuguiniao Co., Ltd.
Working Rules for Independent Directors

- Article 1** To further enhance the structure of the Company's legal person governance and board of directors (the "Board"), strengthen internal constraints and incentives for directors and management, protect the interests of minority shareholders and stakeholders and promote standardised operation of the Company, the Rules ("Rules") is formulated in accordance with the Company Law of the People's Republic of China ("Company Law"), the Articles of Association of Fuguiniao Co., Ltd. ("Articles of Association"), other relevant laws and regulations as well as the provisions of regulatory documents.
- Article 2** Independent directors are persons who do not assume any posts other than directorship in the Company and who have no relationships with the Company and its major shareholders that might interfere with their independent and objective judgements.
- Article 3** Independent directors owe a duty of good faith and diligence to the Company and all of its shareholders. Independent directors shall, in accordance with the requirements of the *Articles of Association* and the Rules, earnestly perform their duties and responsibilities and safeguard the overall interests of the Company with particular attention to ensure that the legitimate rights and interests of minority shareholders are not compromised.
- Article 4** Independent directors shall perform their duties and responsibilities independently without being subject to the influence of the Company's major shareholders and de facto controllers or other entities or individuals who have a vested interest in the Company.
- Article 5** An independent director shall, in principle, concurrently assume independent directorship for a maximum of five companies and shall ensure that there is enough time and energy to effectively perform the duties and responsibilities of an independent director.
- Article 6** The Board shall have at least one-third of its members as independent directors, at least one of whom is an accounting professional.
- The accounting professional mentioned in the preceding paragraph refers to a person who has the title of a senior accountant or the qualifications of a certified public accountant.

- Article 7** Where an independent director fails to meet the conditions for independence or is not fit to perform the duties and responsibilities of an independent director for other reasons and, as a result, the number of independent directors fails to reach the requirement specified in the Articles of Association, the Company shall fill the vacancy according to provisions.
- Article 8** Independent directors shall meet the conditions for employment appropriate to the exercise of their functions and powers.
- Article 9** Independent directors shall meet the following basic conditions:
- (1) having the qualifications of assuming directorship in the Company in accordance with laws, administrations and other relevant provisions;
 - (2) meeting the requirements for independence as stated in the Rules;
 - (3) having basic knowledge on the operation of the Company and familiar with relevant laws, administrations, rules and regulations;
 - (4) having more than five years of working experience in law, economics or other fields as required in performing the duties and responsibilities of an independent director;
 - (5) other conditions as specified in the Articles of Association.
- Article 10** Independent directors must meet the requirements for independence and the following persons shall not act as independent director:
- (1) a person who holds a position in the Company or its subsidiaries and such person's direct relatives and major social relations (direct relatives refer to such person's spouse, parents, children, etc.; major social relations refer to such person's brothers, sisters, fathers-in-law, mothers-in-law, daughters-in-law, sons-in-law, brothers-in law, sisters-in-law, etc.);
 - (2) a person who directly or indirectly holds more than 1% of the outstanding shares of the Company, or any of the ten largest natural person shareholders of the Company, or such person's direct relatives;
 - (3) a person who directly or indirectly holds a position in a shareholder owning more than 5% of the outstanding shares of the Company or in any of the five largest shareholders of the Company and such person's direct relatives;

- (4) a person who holds a position in the ultimate controlling owner of a listed company and its subsidiaries;
- (5) a person who provides financial, legal or consulting services to a listed company and its controlling shareholder or their respective subsidiaries, including the whole project team of the intermediary who provides the services, reviewing officers at all levels, and officers, partners and main responsible person who sign on the report;
- (6) a person who serves as a director, supervisor or senior management personnel in an entity which has substantial business dealings with a listed company and its controlling shareholder or their respective subsidiaries, or serves as a director, supervisor or senior management personnel in the controlling shareholder of such entity with substantial business dealings;
- (7) a person who has met any of the six conditions above in the most recent year;
- (8) other persons as specified in the Articles of Association.

Article 11 The Board, board of supervisors and shareholders individually or collectively holding more than 1% of the outstanding shares of the Company may nominate candidates for independent directorship to be elected at the shareholders' meeting.

Article 12 The consent to the nomination shall be obtained from the nominee before the nomination. The nominator shall have the full knowledge of the nominee's general information such as profession, educational background, professional title, detailed working experience and all other posts he or she concurrently holds, and give opinion on the nominee's qualifications and the independence required as an independent director. The nominee shall make a statement that he/she has no relationships with the Company that may affect his/her independent and objective judgment.

Article 13 The term of office of an independent director shall be the same as that of others directors in the Company. Upon the expiry of his/her term, he or she may serve another term if re-elected. However, his/her consecutive term shall not exceed 6 years.

Article 14 A candidate of independent director should not have the following unfavorable record:

- (1) having been subject to administrative penalty by the CSRC in the recent three years;
- (2) being in the period that is publicly identified by a stock exchange not suitable to serve as the director of a listed company;
- (3) having been publicly condemned or criticized more than twice via announcement by a stock exchange in the recent three years;
- (4) being absent from two consecutive board meetings during the tenure of independent director, or the number of the board meetings which he has not attended in person representing more than one third of the number of board meetings in that year;
- (5) the independent opinion issued by him during his tenure of independent director being clearly inconsistent with the relevant facts.

Should the above situation occurred during the tenure of an independent director, the Board may request to replace the director at the shareholders' meeting.

Article 15 An independent director may resign before the term of his/her office expires. He/She shall submit a written resignation report to the Board and spell out the circumstances related to the resignation or those that need to be brought to the attention of shareholders and creditors of the Company.

If the resignation of the independent director causes the number of independent directors in the Board to become less than the minimum number required by the *Articles of Association*, the resignation report of the independent director shall take effect after the subsequent appointed independent director fills the vacancy. The original nominator of the independent director or the board of directors of the listed company should propose a new candidate of independent director with 90 days from the resignation of the independent director.

Article 16 Independent directors shall have the following special functions and powers other than those of a director conferred by the Company Law, the Articles of Association and other relevant laws and regulations:

- (1) major related party transactions (referring to transactions that the Company intends to conclude with the related party and whose total value exceeds RMB three million or 5% of the Company's net assets audited recently) shall be approved by independent directors before being submitted to the Board for discussion; before an independent director makes his or her judgment, an intermediary agency may be employed to produce an independent financial advisory report which will serve as the basis for his or her judgment;
- (2) the appointment or dismissal of accounting firms shall be approved by independent directors before submission to the Board for discussion;
- (3) put forward the proposal to the Board relating to the appointment or dismissal of accounting firms;
- (4) propose to the Board to call an interim shareholders' meeting;
- (5) propose to call a meeting of the Board;
- (6) appoint external auditing and consulting organisations independently;
- (7) may openly solicit proxies before a shareholders' meeting is convened.

Article 17 Consent from more than one-half of all the independent directors shall be obtained if an independent director desires to exercise the above-mentioned functions and powers.

Article 18 Aside from performing the duties and responsibilities stated in Article 16 of the Rules, independent directors shall give independent opinion on the following matters to the Board or the shareholders' meeting:

- (1) nomination, appointment and replacement of directors;
- (2) appointment and dismissal of senior management personnel;
- (3) remuneration for directors and senior management personnel;

- (4) any existing or new loans borrowed from the Company by or other funds transfer made by the company's shareholders, de facto controllers or affiliated enterprises that exceeds RMB three million or 5% of the Company's net assets audited recently, and whether or not the Company has taken effective measures to collect the amount due;
- (5) matters that are deemed by independent directors to be detrimental to the interests of minority shareholders;
- (6) other matters specified by the Articles of Association.

Article 19 With respect to the above-mentioned matters, independent directors shall provide one of the following kinds of opinions: a consent opinion, a reserved opinion, a negative opinion, or a non-comment opinion and the respective reasons for giving such opinions.

Article 20 The Company shall ensure that independent directors have the same right to be kept informed as other directors in the Company.

With respect to matters that must be submitted to the Board for decision, the Company must notify independent directors in advance within legally prescribed time and provide them with sufficient materials. Independent directors may ask for supplementary materials if they consider the given materials incomplete.

When two or more independent directors consider that the materials are incomplete or the argumentation is unclear, they may jointly propose in writing to the Board to postpone the convening of the board meeting or to postpone the discussion of the matter, which shall be adopted by the Board.

Article 21 Materials provided by the Company to independent directors shall be kept by the Company and the independent directors themselves for at least five years.

Article 22 The Company shall provide independent directors with the necessary working facilities for them to perform their duties. The secretary of the Board shall actively offer assistance to independent directors by giving a briefing, providing materials, etc. Where the independent opinion, proposal and written statement given by independent directors shall be made public, the secretary of the Board shall handle the matters concerning the announcement at the stock exchange without delay.

- Article 23** When an independent director exercises his/her functions and powers, relevant personnel in the Company shall cooperate actively and shall not turn down his/her requests, hinder his/her work or conceal information from him/her, nor shall they interfere with the exercise of his/her functions and powers independently.
- Article 24** Expenses incurred from the engagement of intermediary agencies and other expenses relating to the performance of functions and powers by independent directors shall be borne by the Company.
- Article 25** The Company shall grant appropriate allowances to independent directors. The standard of the allowances shall be proposed by the Board for consideration and approval at the shareholders' meeting and shall be disclosed in the Company's annual report.
- Independent directors shall not receive any extra non-disclosed interests from the Company and its major shareholders or other interested entities and persons other than the above-mentioned allowances.
- Article 26** As circumstances permit, the Company may establish a liability insurance policy for independent directors according to actual conditions to lower the risks of independent directors that may occur when performing their duties and responsibilities under normal circumstances.
- Article 27** The term "more than" used in the Rules shall be inclusive.
- Article 28** Matters not covered in the Rules shall be executed in accordance with the relevant applicable laws, regulations, regulatory documents, regulations and requirements of listing place(s) of the Company, listing rules including the Rules Governing the Listing of Stocks on Securities on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred to as "Regulations and Requirements of Listing Place(s)" herein) and the relevant provisions of the Articles of Association. If there are any contraventions between the Rules and the relevant applicable laws, regulations, regulatory documents, the Regulations and Requirements of Listing Place(s) and relevant provisions of the Articles of Association, the provisions of relevant applicable laws, regulations, regulatory documents, the Regulations and Requirements of Listing Place(s) and the Articles of Association shall prevail.
- Article 29** Interpretation on the Rules shall be subject to the Board of the Company in accordance with the relevant applicable laws, regulations, regulatory documents, the Regulations and Requirements of Listing Place(s) and relevant provisions of the Articles of Association.

**COMPARISON OF THE DRAFT ARTICLES OF ASSOCIATION
AGAINST THE ARTICLES OF ASSOCIATION
TO BE EFFECTIVE UPON THE EGM AND THE CLASS MEETINGS**

*The English version of this appendix is an unofficial translation of its Chinese version.
In case of any discrepancies, the Chinese version shall prevail.*

Current Articles	Amended Articles
Chapter 1 General Provisions	Chapter 1 General Provisions
<p>Article 3 With the approval of the China Securities Regulatory Commission (the “CSRC”) dated 20 November 2013 for the Company to issue 134,909,200 overseas-listed foreign shares (including the portion under the over-allotment option) to the public for the first time, the shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 20 December 2013.</p>	<p>Article 3 With the approval of the China Securities Regulatory Commission (the “CSRC”) dated 20 November 2013 for the Company to issue 134,909,200 overseas-listed foreign shares (including the portion under the over-allotment option) to the public for the first time, the shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 20 December 2013. <u>With the approval of the CSRC to issue [●] A shares to the public for the first time shares, the A shares were listed on Shanghai Stock Exchange on [●].</u></p>
<p>Article 6 The registered capital of the Company shall be RMB1,337,273,000.</p>	<p>Article 6 The registered capital of the Company shall be RMB1,337,273,000[●].</p>
<p>Article 10 The Articles of Association shall not be effective without the approval by special resolution of shareholders at the Shareholders’ Meeting and the approval of the relevant competent authorities, if necessary, in accordance with the applicable laws and regulations of China.</p>	<p>Article 10 The Articles of Association shall not be effective without the approval by special resolution of shareholders at the Shareholders’ Meeting <u>and the approval from the securities regulatory body of the State Council and shall be effective from the date of initial public offering and listing of the ordinary shares of the Company denominated in Renminbi</u>and the approval of the relevant competent authorities, if necessary, in accordance with the applicable laws and regulations of China.</p>



富貴鳥股份有限公司
FUGUINIAO CO., LTD.

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1819)

**SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING
TO BE HELD ON FRIDAY, 17 JUNE 2016**

Reference is made to the notice (the "EGM Notice") of Fuguiniao Co., Ltd. (the "Company") dated 26 April 2016, which set out the time and venue of the EGM of the Company to be held on Friday, 17 June 2016 and contain the resolutions to be considered and approved at the EGM. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the EGM Notice.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM will be held as originally scheduled at the meeting room of 4th Floor, Office Building, Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the People's Republic of China at 9:00 a.m. on Friday, 17 June 2016, and in addition to the resolutions contained in the EGM Notice, the following supplemental resolution will also be considered and approved at the same meeting:

SUPPLEMENTAL SPECIAL RESOLUTION

12. To consider and approve the status report of use of previously raised funds.

After adding the above supplemental resolution, the numbering of the resolutions will be re-numbered accordingly.

By order of the Board
Fuguiniao Co., Ltd.
Lam Wo Ping
Chairman

Fujian Province, the PRC, 25 May 2016

Notes:

1. A revised form of proxy of the EGM (the "Revised Form of Proxy") is enclosed to this supplemental notice. The Revised Form of Proxy should be returned to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited (in respect of H Shares), at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or to the Company's registered office in the PRC (in respect of Domestic Shares), at Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the PRC, not less than 24 hours before the time for holding the EGM (the "Closing Time"). Completion and return of the Revised Form of Proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

2. Any Shareholder who has not yet lodged the form of proxy issued by the Company on 26 April 2016 (the “**Original Form of Proxy**”) is requested to lodge the Revised Form of Proxy if he or she intends to appoint a proxy to attend the EGM on his or her behalf. In this case, the Original Form of Proxy should not be lodged. Any Shareholder who has already lodged the Original Form of Proxy should note that:
 - (i) if the Revised Form of Proxy is lodged before the Closing Time, the Revised Form of Proxy will revoke and supersede the Original Form of Proxy previously lodged by the Shareholder. The Revised Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder, if duly completed; and
 - (ii) if no Revised Form of Proxy is lodged before the Closing Time, the Original Form of Proxy will be treated as a valid form of proxy lodged by the shareholder, if duly completed. The proxy so appointed pursuant to the Original Form of Proxy will be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given).
3. Apart from the proposed supplemental resolution set out above, all other matters of the EGM remain unchanged. For details of other resolutions to be considered and approved at the EGM, eligibility for attending the EGM, registration procedures, closure of register of members and other relevant matters, please refer to the EGM Notice of the Company dated 26 April 2016.

As at the date of this notice, the executive Directors are Mr. Lam Wo Ping (Chairman), Mr. Lam Wing Ho, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Hong Huihuang, and the independent non-executive Directors are Mr. Wang Zhiqiang, Ms. Long Xiaoning, Mr. Li Yuzhong and Ms. Chan Wah Man, Carman.