
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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shandong Fengxiang Co., Ltd., you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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凤祥食品

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

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

(Stock Code: 9977)

**PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023;
PROPOSED RE-APPOINTMENT OF DOMESTIC AND OVERSEAS AUDITORS;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
PROPOSED AMENDMENTS TO THE PROCEDURAL RULES;
GENERAL MANDATE TO ISSUE SHARES; AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at 2nd Floor, Fengxiang Gufen Building, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC on Wednesday, 5 June 2024 at 9:30 a.m. is set out on pages 34 to 38 of this circular. A proxy form for use is enclosed herewith and also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.fengxiang.com>). Whether or not you intend to attend the AGM, please complete and sign the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC (for holders of Domestic Shares) or to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM (i.e. not later than 9:30 a.m. on Tuesday, 4 June 2024) or the adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM.

16 May 2024

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DEFINITIONS

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

“2023 Annual Report”	the annual report of the Company for the year ended 31 December 2023, published on the websites of the Company and the Stock Exchange on 18 April 2024
“AGM”	the annual general meeting of the Company to be held at 2nd Floor, Fengxiang Gufen Building, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC at 9:30 a.m. on Wednesday, 5 June 2024, or any adjournment thereof and the notice of which is set out on pages 34 to 38 of this circular
“Articles of Association”	the articles of association of the Company (as amended, modified or otherwise supplemented from time to time)
“BDO China”	BDO China SHU LUN PAN Certified Public Accountants LLP, a certified public accountant firm approved by the Ministry of Finance of the PRC and the China Securities Regulatory Commission and is qualified to adopt the China Standards on Auditing in providing auditing services to the issuers incorporated in the PRC and listed in Hong Kong
“Board of Directors”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“Company”	Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司), a joint stock company established in the PRC with limited liability on 17 December 2010, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9977)
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“General Mandate”	the general and unconditional mandate proposed to be granted to the Board of Directors at the AGM to issue, allot and/or deal with additional Domestic Shares and/or H Shares, details of which are set out in this circular
“Group”	the Company and its subsidiaries

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HKD and listed on the Stock Exchange
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	9 May 2024, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China but excluding, for the purposes of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	Company Law of the People’s Republic of China (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress in December 1993 and further amended in December 1999, August 2004, October 2005, December 2013, October 2018 and December 2023, respectively
“Procedural Rules”	the Rules of Procedure for the General Meeting, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Board of Supervisors
“RMB”	the lawful currency of the PRC
“Rules of Procedure for the Board of Directors”	the rules of procedure for the Board of Directors adopted by the Company, as amended from time to time
“Rules of Procedure for the Board of Supervisors”	the rules of procedure for the Board of Supervisors adopted by the Company, as amended from time to time
“Rules of Procedure for the General Meeting”	the rules of procedure for the general meeting adopted by the Company, as amended from time to time
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	the registered holder(s) of the Shares

DEFINITIONS

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Supervisor(s)” supervisor(s) of the Company

“%” per cent

LETTER FROM THE BOARD OF DIRECTORS



凤祥食品

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

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

(Stock Code: 9977)

Executive Directors:

Mr. Xiao Dongsheng (*General Manager*)
Mr. Shi Lei

Non-executive Directors:

Mr. Qiu Zhongwei
Mr. Lu Wei
Mr. Zhu Lingjie (*Chairman*)
Ms. Zhou Ruijia

Independent Non-executive Directors:

Ms. Wang Anyi
Ms. Zhao Yinglin
Mr. Chung Wai Man

Registered office:

Liumiao Village
Anle Town
Yanggu County
Liaocheng City
Shandong Province
PRC

*Head office and place of business
in Hong Kong:*

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

16 May 2024

To the Shareholders

Dear Sir or Madam,

**PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023;
PROPOSED RE-APPOINTMENT OF DOMESTIC AND OVERSEAS AUDITORS;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
PROPOSED AMENDMENTS TO THE PROCEDURAL RULES;
GENERAL MANDATE TO ISSUE SHARES; AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the notice of the AGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

LETTER FROM THE BOARD OF DIRECTORS

The ordinary resolutions for approving (a) the report of the Board of Directors for 2023; (b) the report of the Board of Supervisors for 2023; (c) the audited consolidated financial statements of the Group and the independent auditor's report for the year ended 31 December 2023; (d) the profit distribution plan for the year 2023; and (e) the re-appointment of domestic and overseas auditors; and the special resolutions for approving (a) the proposed amendments to the Articles of Association; (b) the proposed amendments to the Procedural Rules; and (c) the grant of General Mandate to the Board of Directors, will be proposed at the AGM.

REPORT OF THE BOARD OF DIRECTORS FOR 2023

The full text of the report of the Board of Directors for the year ended 31 December 2023 is set out in the 2023 Annual Report.

REPORT OF THE BOARD OF SUPERVISORS FOR 2023

The full text of the report of the Board of Supervisors for the year ended 31 December 2023 is set out in the 2023 Annual Report.

FINAL FINANCIAL ACCOUNTS FOR 2023

The full text of the audited consolidated financial statements of the Group and the independent auditor's report for the year ended 31 December 2023 are set out in the 2023 Annual Report.

PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023

Pursuant to the Articles of Association, an ordinary resolution will be proposed at the AGM to approve the profit distribution plan of the Company. In order to cope with the business expansion, the Company needs to implement measures to reserve more funds for supporting the daily operation. To achieve a sustainable, stable and healthy development of the Company, and better preserve the long-term interest of all Shareholders, the Company proposes not to declare final dividend for the year 2023.

PROPOSED RE-APPOINTMENT OF DOMESTIC AND OVERSEAS AUDITORS AND AUTHORISE THE BOARD OF DIRECTORS TO FIX ITS REMUNERATION

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of BDO China as the overseas auditor of the Company and as the domestic auditor of the Company for the audit of annual financial statements for the year ending 31 December 2024, and to authorise the Board of Directors to fix its remuneration for the year ending 31 December 2024.

LETTER FROM THE BOARD OF DIRECTORS

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 29 December 2023, the amendments to the PRC Company Law were adopted and will take effect on 1 July 2024. The new PRC Company Law makes changes to the current PRC Company Law, including optimisation of corporate governance, enhancement in protection for minority shareholders, and strengthening of responsibilities and fiduciary duties of controlling shareholders, directors, supervisors and senior management members. Listed issuers are required to make any necessary changes to their constitutional documents in accordance with the latest amendments to the PRC Company Law before the effective date.

Meanwhile, given that the Company's daily business operation will involve cargo transportation, the Company is required to include (i) road transportation of goods (excluding dangerous goods) and (ii) motor vehicle repair and maintenance in its scope of business in accordance with the Regulations of the People's Republic of China on Road Transportation (《中華人民共和國道路運輸條例》). As a result, the scope of business as stated in the Articles of Association shall be amended and such amendments are subject to review by the company registration authority.

Based on the foregoing, the Company proposes to adopt the proposed amendments to the Articles of Association in order to (i) reflect the change in business scope of the Company; (ii) reflect the latest amendments in the PRC Company Law in the Articles of Association; and (iii) make other consequential, tidy-up and housekeeping amendments (the “**Articles Amendments**”).

The Articles Amendments are set out in Appendix I to this circular. According to the Articles of Association and the relevant laws and regulations, the Articles Amendments will take effect subject to the approval of the Shareholders at the AGM by way of special resolution and the implementation of the new PRC Company Law becoming effective, except for the amendments regarding the change in business scope of the Company in the Articles of Association, which will take immediate effect once the relevant resolution is approved at the AGM.

A special resolution in relation to the Articles Amendments will be proposed at the AGM for the approval by the Shareholders. If the proposed amendments are approved at the AGM, the Company will apply for a new business licence which will state the revised business scope of the Company. The Articles of Association are written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

The legal advisers to the Company as to the laws of Hong Kong and the laws of the PRC have respectively confirmed that the Articles Amendments comply with the requirements of the Listing Rules and the applicable laws of the PRC. The Company also confirms that there is nothing unusual about the Articles Amendments for a company incorporated in the PRC and listed on the Stock Exchange.

Save for the Articles Amendments, the other articles in the existing Articles of Association will remain unchanged.

LETTER FROM THE BOARD OF DIRECTORS

PROPOSED AMENDMENTS TO THE PROCEDURAL RULES

In view of the Articles Amendments, the Board of Directors and the Board of Supervisors propose to amend each of the Procedural Rules. Details of the proposed amendments to the Rules of Procedure for the General Meeting, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Board of Supervisors are set out in Appendices II, III and IV to this circular, respectively. The proposed amendments to the Procedural Rules are subject to the approval of the Shareholders by way of special resolution at AGM, the approval of the Articles Amendments at the AGM and the implementation of the new PRC Company Law becoming effective. The Board of Directors and the Board of Supervisors shall be authorised to make corresponding adjustments to the Procedural Rules in accordance with the final Articles Amendments adopted by the Company.

Special resolutions in relation to the proposed amendments to the Procedural Rules will be proposed at the AGM for the approval by the Shareholders. The Procedural Rules are written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

Save for the proposed amendments to the Procedural Rules, the other articles in each of the existing Procedural Rules will remain unchanged.

GENERAL MANDATE TO ISSUE SHARES

In order to meet the Group's long-term business development needs, the Company proposes a special resolution to consider and approve the grant of the General Mandate at the AGM. Pursuant to the General Mandate, a general and unconditional mandate is to be granted to the Board of Directors to exercise the power of the Company to separately or concurrently to issue, allot and/or deal with additional Domestic Shares and/or H Shares, and to make or grant offers, agreements or options which would or might require to issue, allot and/or deal with not exceeding 20% of the issued shares of the Company, as at the date of passing the relevant resolution at the AGM.

As at the Latest Practicable Date, there were in issue in aggregate of 1,582,618,000 Shares. Subject to the passing of the special resolution on the General Mandate to issue Shares and in accordance with the terms therein, the Board of Directors would be allowed under the General Mandate to issue additional Shares up to a maximum of 316,523,600 Shares.

Any exercise of the power by the Board of Directors under the General Mandate shall comply with the relevant requirements under the Listing Rules, the Articles of Association, and the applicable laws and regulations of the PRC, as amended from time to time, and only if relevant registration/filing procedures are performed in accordance with the requirements of the relevant PRC government authorities (including the China Securities Regulatory Commission) (if applicable).

LETTER FROM THE BOARD OF DIRECTORS

The General Mandate shall be valid from the date of passing of the resolution on the General Mandate until the earliest of: (a) the conclusion of the next annual general meeting of the Company following the passing of such resolution; (b) the expiration of the 12-month period following the passing of such resolution; or (c) the date on which the authority granted to the Board of Directors set out in such resolution is revoked or varied by a special resolution of the Shareholders in a general meeting.

AGM AND PROXY ARRANGEMENT

The notice convening the AGM is set out on pages 34 to 38 of this circular.

A proxy form for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the Company's registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC (for holders of Domestic Shares) as soon as possible and in any event not less than 24 hours before the time appointed for holding the AGM (i.e. not later than 9:30 a.m. on Tuesday, 4 June 2024) or the adjourned meeting (as the case may be). Completion and delivery of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

For the purpose of determining the eligibility of Shareholders to attend and vote at the AGM, the registers of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the Company's registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Thursday, 30 May 2024. The Shareholders whose names appear on the registers of members of the Company on Wednesday, 5 June 2024 will be entitled to attend and vote at the AGM.

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the AGM will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the AGM.

LETTER FROM THE BOARD OF DIRECTORS

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board of Directors believes that the proposals mentioned above are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board of Directors recommends that all Shareholders vote in favour of the relevant resolutions to be proposed at the AGM as set out in the notice of AGM.

Yours faithfully
By order of the Board of Directors
Shandong Fengxiang Co., Ltd.
Zhu Lingjie
Chairman

The Articles of Association are written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

The proposed amendments to the Articles of Association are set out below:

Article 6 The Articles of Association are norms of conduct for the Company, are adopted by the general meeting by special resolution, take effect when the resolutions are approved by the general meeting, and supersede the original articles of association filed with ~~the administration for industry and commerce~~ the market supervision and management department. From the date on which the Articles of Association came into effect, the Articles of Association constitute a legally binding document regulating the organisation and activities of the Company, and the rights and obligations between the Company and each shareholder and among the shareholders themselves.

Article 7 The Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, and ~~other~~ senior management members, who shall have the right to make any claims and propositions regarding the Company's affairs based on the Articles of Association.

The shareholders of the Company may pursue actions against the Company in accordance with the Articles of Association, and the Company may pursue actions against its shareholders, directors, supervisors, and senior management members, in accordance with the Articles of Association; the shareholders of the Company may pursue actions against the Company's directors, supervisors and ~~other~~ senior management members pursuant to the Articles of Association.

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

Article 8 The Company may invest in other limited liability companies or joint-stock limited companies, and the Company's liability towards such invested entities shall be limited to the amount of its capital contribution to them.

Where the law stipulates that a company shall not be jointly and severally liable to such invested companies for their debts as their investor, such provision shall prevail~~Unless otherwise provided by laws, the Company shall not be jointly and severally liable to such invested entities for their debts as their investor.~~

Article 9 Other senior management members mentioned herein refer to deputy general manager, financial officer and secretary to the Board of Directors, and other persons appointed by the Board of Directors as senior management members of the Company.

Article 11 The business scope of the Company is: Licensed items: poultry breeding; poultry slaughtering; production of breeding livestock and poultry; operation of breeding livestock and poultry; food production; food sales; Internet sales of foods; feed production; veterinary drug operation; fertiliser production; animal carcass innocuous treatment; road transportation of goods (excluding dangerous goods). (For items required to be approved by law, operation may be

conducted only with the approval of relevant departments, and specific licensed items should be determined by approval documentations or licenses issued by relevant government agencies) General items: grain purchase; import and export of foods; import and export of goods; import and export of technologies; import and export agency; sales of livestock and fishery feeds; sales of agricultural by-products; sales of fertiliser; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; Chinese herbal medicine cultivation (except for Chinese rare and unique precious fine varieties); purchase and sale of Chinese herbal medicine (excluding Chinese medicine decoction pieces) of the place of origin; conference and exhibition services; motor vehicle repair and maintenance. (Except for projects that are subject to approval in accordance with the laws, the business activities should be conducted independently with the business licence(s) in accordance with the laws) (All business scope does not involve the content of Administrative Measures (Negative List) for Foreign Investment Access).

The business scope referred to in the preceding paragraph shall be subject to review by the company registration authority.

The Company may adjust its business scope according to changes in domestic and overseas markets, business development and its capabilities and business needs, and shall register relevant changes with the relevant administration for industry and commerce.

Article 24 When the Company is to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital at the general meeting and shall publish an announcement about the resolution in the newspapers or the National Enterprise Credit Information Publicity System within 30 days. Creditors shall, within 30 days since receiving a notice or within 45 days since the date of the announcement for those who have not received a notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum (if any).

Article 26 The Company may repurchase its shares through public and centralised trading or other methods as permitted by laws and regulations and the China Securities Regulatory Commission (the “CSRC”), including in any of the following manners:

- (I) making a repurchase offer to all shareholders in the same proportion;
- (II) repurchase through open transactions in a stock exchange;
- (III) repurchase by way of off-market agreement outside a stock exchange;
- (IV) other circumstances approved by laws, administrative regulations or regulatory authorities.

The purchase by the Company of its own shares under the circumstances stipulated in items (III), (V) and (VI) of Article 25 herein shall be made through open and centralised trading, provided that the Company shall not violate the provisions of laws, administrative regulations, the *Main Board Listing Rules*, departmental rules and the Articles of Association.

Article 27 Shares lawfully repurchased by the Company under Item (I) of Article 25 herein shall be cancelled within 10 days from the date of repurchase; shares repurchased under Items (II) and (IV) of Article 25 herein shall be transferred or cancelled within six months; and in the event of acquisition of the shares by the Company in accordance with Items (III), (V) and (VI) of Article 25 herein, the total shares held by the Company shall not exceed 10% of the total shares issued by the Company, and such shares shall be transferred or cancelled within three years.

After the Company lawfully cancelled such shares, the Company shall apply to the original company registration authority for registration of the change of its registered capital and make relevant announcement.

Article 29 The Company shall not provide gifts, loans, guarantees and other financial assistance for others to acquire the shares of the Company or its parent company, except where the Company implements the employee stock ownership plan.

For the benefit of the Company, upon a resolution adopted at the general meeting or a resolution adopted by the Board of Directors in accordance with the Articles of Association or the authorisation by the general meeting, the Company may provide financial assistance for others to acquire the shares of the Company or its parent company, provided that the accumulative total amount of financial assistance shall not exceed 10% of the total issued share capital. A resolution made by the Board of Directors shall be approved by over two-thirds of all the directors.

If any violation of the preceding two paragraphs causes losses to the Company, the responsible directors, supervisors and senior management members shall be liable for compensation.

~~The Company or its subsidiaries (including the affiliated enterprises of the Company) shall not provide any assistance to a person who is acquiring or is proposing to acquire the shares of the Company by way of gift, advancement, guarantee, indemnity or loans or other means.~~

Article 37 ~~The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company.~~ Shares issued prior to the public offering of the Company shall not be transferred within one year from the date when the shares of the Company are listed and traded on the stock exchange. Where laws, administrative regulations or the securities regulatory authorities of the State Council have other provisions on the transfer of shares of the Company held by its shareholders or effective controllers, such provisions shall prevail.

Directors, supervisors and senior management members of the Company shall declare to the Company their shareholdings in the Company and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the Company every year. The shares of the Company held by the aforesaid persons shall not be

transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. They shall not transfer the shares they hold in the Company within half a year after they leave their positions in the Company. If the transfer restrictions in this paragraph involve H shares, the said transfer shall comply with relevant provisions under the *Main Board Listing Rules*.

Where shares are pledged within the period of restriction on transfer prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge right within the period of restriction on transfer.

Article 45 A controlled subsidiary of the Company shall not acquire shares of the Company. Where a controlled subsidiary of the Company holds shares of the Company due to a merger of the Company or the exercise of the right of pledge, it shall not exercise the voting right corresponding to the shares held and shall dispose of the relevant shares of the Company in a timely manner.

Article 456 Holders of shares of the Company shall enjoy rights as follows:

(I) collect dividends and other forms of interests distributed based on the number of shares held by them;

(II) Legally request, convene, preside over, attend or entrust a proxy to attend and speak at shareholders' meetings and exercise relevant voting right as per their shareholdings;

(III) supervise and administrate the business operation of the Company, and make suggestions or enquiries accordingly;

(IV) transfer, donate or pledge shares held by the shareholders in compliance with laws, administrative regulations and the Articles of Association. Shareholders holding 5% or more of the Company's shares with voting rights pledge the said shares shall submit a written report to the Company within 3 business days after the pledge occurs;

(V) inspect and copy the Articles of Association, the share register, ~~record of bondholders~~, minutes of general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial reports; if a shareholder individually or in aggregate holding 3% or more of the Company's shares for more than 180 consecutive days requests to inspect the Company's accounting books and accounting vouchers, he or she shall submit a written request to the Company stating the purpose. If the Company has reasonable grounds to believe that the shareholder's inspection of the accounting books and accounting vouchers is for an improper purpose and may harm the lawful interests of the Company, the Company may refuse to provide such inspection and shall reply to the shareholder in writing within 15 days from the date of the written request from the shareholder, stating the reasons for the refusal;

(VI) participate in the distribution of the Company's remaining assets based on the number of shares held by the shareholders when the Company is terminated or liquidated;

(VII) request the Company to purchase their shares if the shareholders object to the resolutions adopted by the general meeting on merger or division of the Company;

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

Article 501 The general meeting may exercise the following functions and powers:

~~(I) to decide on the Company's operational objectives and investment plans;~~

(H) to elect and replace the directors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors;

(HI) to elect and replace supervisors who are representatives of shareholders and to decide on matters relating to the remuneration of supervisors;

~~(IVIII)~~ to review and approve the reports of the Board of Directors;

(IV) to review and approve the reports of the Board of Supervisors;

~~(VI) to review and approve the Company's annual financial budgets and final accounts;~~

(VH) to review and approve the Company's profit distribution proposals and loss recovery proposals;

(VIH) to decide on any increase or reduction of the Company's registered capital;

~~(XVII)~~ to decide on the issue of corporate bonds;

~~(XVIII)~~ to decide on the merger, division, change of corporate form, dissolution and liquidation of the Company;

(IXI) to amend the Company's Articles of Association;

(XH) to decide on the appointment, removal or non-reappointment of an accounting firm;

(XIH) to review proposals raised by the shareholder(s) who individually or jointly represent(s) more than 31% of the total shares of the Company;

(XIIV) to consider and approve external guarantees as provided in Article 542;

~~(XVIII)~~ to review the Company's loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 30% of the Company's audited total assets for the latest period;

(XIVI) to consider and approve matters relating to changes in the use of proceeds;

(XVII~~H~~) to review equity incentive scheme and employee incentive scheme involving the issue of new shares;

(XVIII~~H~~) to review other matters which, in accordance with the laws, regulations and Articles of Association of the Company, must be approved by a general meeting;

(XVII~~X~~) to decide on other matters required by the listing rules of the stock exchange of the place where the Company's shares are listed;

(~~XXVIII~~) the annual general meeting of the Company may grant the Board of Directors a mandate to decide on issuing shares not more than 20% of the total issued shares (or class shares, where applicable) of the Company for the time being to particular subjects, and the mandate shall elapse on the date of the next annual general meeting subject to relevant laws and regulations, normative documents and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed.

The general meeting can authorise or entrust the Board of Directors to handle the matters authorised or entrusted thereby not in violation of laws and regulations and mandatory provisions under relevant laws and regulations of the listing place.

Article 534 There are two types of general meetings: the annual general meetings and the extraordinary general meetings. Annual general meeting shall be held once every year within six months after the end of the last accounting year.

Extraordinary general meeting shall be held when it is required. The ~~Board of Directors~~ Company shall hold an extraordinary general meeting within two months after the date on which any of the following circumstances occur:

(I) the number of directors is less than the number stipulated by the Company Law or less than two-thirds of the number specified in the Articles of Association;

(II) the outstanding losses of the Company amounted to one-third of the Company's total ~~paid-in~~ share capital;

(III) shareholders individually or in aggregate holding more than 10% (inclusive) of the Company's shares request in writing that an extraordinary general meeting is convened;

(IV) the Board of Directors deems necessary or the Board of Supervisors proposes that the meeting be convened;

(V) other situations, as stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed or the Articles of Association.

In the event of the aforesaid (III) and (IV), the topics of the meeting proposed by the requester shall be included in the agenda of the meeting.

Article 556 When the Company convenes a general meeting, shareholders individually or jointly holding more than ~~31~~% of the shares of the Company may submit an interim proposal in writing to the Board of Directors ten days before the general meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall not violate the provisions of the laws, administrative regulations or the Articles of Association of the Company and shall fall within the functions and powers of the general meeting, and the proposal shall have a clear topic and specific matters on which resolutions are to be made.

Article 578 The general meeting shall not resolve on matters not covered in the notice specified in Articles ~~556~~ and ~~567~~ of the Articles of Association.

Article 645 General meetings shall be convened and presided over by the chairman. Where the chairman cannot or does not fulfil the duty thereof, the meeting shall be presided over by a director selected by ~~a majority~~ more than half of directors.

A general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as chairman, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxies thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.

Article 712 The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) working reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) appointment and removal of members of the Board of Directors and the Board of Supervisors (excluding employee representative supervisors), their remunerations and methods of payment;
- (IV) ~~annual financial budgets, final accounts,~~ annual reports of the Company;
- (V) other matters than those that should be passed by special resolutions pursuant to the laws, administrative regulations or the Articles of Association.

Article 756 The method and procedure for nomination of directors and supervisors (excluding employee representative supervisors) to be elected at a general meeting are as follows:

(I) shareholder(s) severally or jointly holding more than ~~31~~31% of the outstanding voting shares of the Company may propose in writing director candidates or supervisor candidates who are not employee representatives to the general meeting, but the number of nominees shall comply with the Articles of Association and shall not exceed the number of directors or supervisors to be elected.

(II) directors or supervisors may propose a list of director or supervisor candidates as per the number specified in the Articles of Association and the number of the directors or supervisors to be elected and submit it to the Board of Directors and the Board of Supervisors for examination respectively. After the Board of Directors or the Board of Supervisors examined the list and resolved on the candidates of directors or supervisors, they shall submit the results to the general meeting through written proposal.

(III) the director or supervisor candidates other than directors and supervisors selected on a cumulative voting system shall be voted on separately at the general meeting.

(IV) in the event of a temporary vacancy of director or supervisor, the Board of Directors or the Board of Supervisors shall propose to elect or replace one at the general meeting.

Article 878 The chairman shall exercise the following functions and powers:

(I) to preside over general meetings, and convene and preside over Board of Directors meetings;

(II) to supervise and examine the implementation of the resolutions of the Board of Directors;

(III) to sign the shares, corporate bonds and other securities issued by the Company;

(IV) to sign important documents of the Board of Directors and other documents that should be signed by the legal representative of the Company, and exercise functions and powers of the legal representative;

(V) in case of force majeure or major emergency in which a Board of Directors meeting cannot be held in time, to exercise the special right of disposal in respect of the business of the Company in compliance with laws and in the interests of the Company, and report to the Board of Directors afterwards;

(VI) to organise formulation of regulations on the operation of the Board of Directors, and coordinate the operation of the Board of Directors;

(VII) to listen to regular or irregular work reports of the senior management members of the Company, and propose guiding opinions on implementation of the resolutions of the Board of Directors;

(VIII) to nominate candidates for the general manager of the Company and secretary to the Board of Directors;

(IX) to handle external affairs on behalf of the Company and sign economic contracts concerning investments, cooperative operations, joint ventures and loans;

(X) to exercise other functions and powers specified in relevant laws, regulations or the Articles of Association and granted by the Board of Directors.

Where the chairman cannot fulfill his functions and powers, more than half of the directors may jointly elect a director to preside over the meeting.

Where necessary, the Board of Directors may authorise the chairman to exercise part of the functions and powers of the Board of Directors while the Board of Directors is not in session.

Article 934 The Board of Directors shall file resolutions of the meeting as minutes, which shall be signed by the attending directors and the minutes recorder. The directors shall be responsible for the resolutions passed at the Board of Directors meeting. Where a resolution of the Board of Directors violates any law, administrative regulation or the Articles of Association, the resolution of general meeting, thereby causing serious losses to the Company, the directors participating in the resolution shall be liable for compensation to the Company; however, the director may be exempted from liability if it is proved that he/she expressed his/her objection at the time of voting, which is recorded in the minutes of the meeting. Any attending director shall be entitled to have an explanatory note made in the minutes regarding his/her speech at the meeting. The minutes of Board of Directors meetings shall be kept as archives of the Company by the secretary to the Board of Directors for 10 years.

Article 945 The Board of Directors shall have three special committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The composition and rules of procedure of the special committees shall be separately agreed upon by the Board of Directors. Where necessary, the Board of Directors may set up other special committees. The special committees are ad hoc committees under the Board of Directors which provide suggestions or advisory opinions for the Board of Directors on important decisions. A special committee may not make any resolution on behalf of the Board of Directors, but may exercise decision-making power on matters authorised by the Board of Directors under its special authority.

The Audit Committee shall consist of at least three directors, all of whom shall be non-executive directors and the majority shall be independent non-executive directors, and at least one of the directors shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required by the *Main Board Listing Rules*. The Audit Committee is primarily responsible for overseeing, examining and evaluating the Company's internal control, financial information, internal audit and other matters, and maintaining an appropriate relationship with the external auditors of the Company, and shall be accountable to the Board of Directors.

The Nomination Committee shall consist of three directors, and independent non-executive directors shall account for more than half of the committee members. The Nomination Committee is primarily responsible for selecting and making recommendations on the candidates, selection criteria and procedures for the Company's directors and senior management members.

The Remuneration Committee shall consist of three directors, and independent directors shall account for more than half. The Remuneration Committee formulates remuneration plans, performance appraisal systems and incentive plans for directors and senior management members within the scope of its duties and makes recommendations to the Board of Directors. The Remuneration Committee evaluates the performance of directors and senior management members by the following procedure: (1) the directors and senior management members of the Company report their work and make self-evaluation to the Remuneration Committee of the Board of Directors; (2) the Remuneration Committee evaluates directors and senior management members in accordance with the performance evaluation standards and procedures; (3) propose the remuneration amount and reward method for directors and senior management members based on the performance evaluation results and remuneration policy, and report to the Board of Directors after approval by voting.

The Board of Directors formulates separate rules of procedure for the special committees regarding their duties and rules of procedure to standardise the operation of the special committees.

Article 1067 The Board of Supervisors shall comprise two shareholder representatives and one employee representative. In particular, shareholder representatives supervisors shall be elected and dismissed at general meetings, and the employee representative supervisor shall be elected democratically at the employee representatives' meetings, employees' meetings or in other forms.

Article 10910 Meetings of the Board of Supervisors shall be held at least once every six months, and shall be convened by the chairman of the Board of Supervisors. The notice of the meeting shall be served on all the supervisors in writing ten days prior to the convening of the meeting. Where the chairman of the Board of Supervisors cannot or does not fulfill the duties thereof, more than half of the supervisors may elect a supervisor to convene and preside over the meetings of the Board of Supervisors.

Article 1134 In any of the following circumstances, a person shall not serve as director, supervisor, general manager or other senior management member of the Company:

- (I) a person without or with limited capacity for civil conduct;
- (II) a person who is sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy, where less than 5 years have elapsed since the sentence was served; or who has been deprived of his/her political rights for committing a crime, where less than 5 years have elapsed since the sentence was served; or who has been placed on probation, where less than 2 years have elapsed since the date of the completion of the probation period;

(III) a person who is a director or plant manager or manager of a company or enterprise in bankruptcy liquidation and is personally held responsible for the bankruptcy of such company or enterprise, where less than 3 years have lapsed from the date of completion of the bankruptcy liquidation of the said company or enterprise;

(IV) a person who is the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close down due to violation of laws and is personally held responsible for such circumstance, where less than 3 years have lapsed from the date on which the business license of the company or enterprise has been revoked or ordered to close;

(V) a person who is listed as a dishonest person subject to enforcement by a people's court since his ~~has~~ a large amount of outstanding debts ~~which~~ have become overdue;

(VI) a person who, according to relevant laws and administrative regulations, cannot act as a leader of an enterprise;

(VII) a person who are subject to the CSRC's punishment which prohibits he/she from entering into the securities market for a period which has not yet expired;

(VIII) other circumstances specified in relevant laws and regulations of the place where the Company's shares are listed.

Article 124~~2~~ After being adjusted in accordance with relevant regulations of the State, the Company shall distribute profits in the following order:

- (I) Pay income tax according to law;
- (II) Make up for losses of previous years;
- (III) Withdraw as statutory common reserve fund;
- (IV) Withdraw discretionary common reserve fund subject to resolutions of the general meeting;
- (V) Withdraw various employee welfare funds that should be undertaken by enterprises according to law;
- (VI) Pay dividends to shareholders.

Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company. After withdrawal of statutory common reserve fund, the general meeting may decide whether to withdraw discretionary common reserve fund. The Company shall not distribute any profit to shareholders before making up for its losses and withdrawing statutory common reserve fund. The Company's shares held by the Company are not entitled to any profit distribution.

Where the Company distributes profits to shareholders in violation of the provisions of the preceding paragraph, the shareholders shall return the profits distributed in violation of the provisions to the Company; if any loss is caused to the Company, the shareholders and the responsible directors, supervisors and senior managers shall be liable for compensation.

Article 1223 Capital reserve fund includes the following items:

(I) Premium received when shares are issued at a premium to their par value;

(II) The amount of proceeds from the issue of shares without par value not included in the registered capital;

(III) Any other items ~~income~~ required by the finance regulatory department of the State Council to be included in the capital reserve fund.

Article 1234 The common reserve fund of the Company shall be used to make up for its losses, to expand its production operation or to increase its registered capital. To make up for the Company's losses, the Company shall first use the discretionary common reserve fund and the statutory common reserve fund; if it still cannot be made up, the capital reserve fund may be used in accordance with regulations. Where the Company, upon adoption of a resolution by the general meeting, is to convert the common reserve fund into capital stock, new shares shall be distributed to the shareholders in proportion to their original shareholdings. Where the statutory common reserve fund is converted into capital stock, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

Article 1389 The merger of the Company with a company in which the Company holds more than 90% equities shall not require a resolution of general meeting of the merged company. However, the Company shall notify other shareholders, who have the right to request the Company to purchase their shares at a reasonable price.

No resolution of the general meeting is required if the consideration for the merger does not exceed 10% of the net assets of the Company, unless otherwise provided by the Articles of Association or the stock exchange where the Company's shares are listed or securities regulatory authorities have other provisions.

If the merger does not require a resolution of the general meeting according to the preceding two paragraphs, it shall be resolved by the Board of Directors. In respect of the merger or division of the Company, the Board of Directors of the Company shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. Any shareholder objecting to the merger or division of the Company shall have the right to require the Company ~~or the shareholders approving the merger or division of the Company~~ to purchase his/her shares at a reasonable fair price. Resolution on merger or division of the Company shall be archived as document for reference by the shareholders.

The aforesaid document shall also be served by mail to holders of overseas listed foreign shares.

Article 13940 Merger of the Company may be in two forms: merger by absorption and merger by consolidation. In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare a balance sheet and a property inventory. The Company shall notify its creditors within 10 days after the adoption of the merger resolution and shall publish announcements in newspapers or the National Enterprise Credit Information Publicity System within 30 days. 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 claims and debts of the parties concerned after merger of the Company shall be inherited by the company subsisting after merger or by the newly established company.

Article 1401 Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify its creditors within 10 days after the adoption of the merger resolution and shall publish announcements in newspapers or the National Enterprise Credit Information Publicity System within 30 days.

The companies after division shall bear joint liability for the debts of the Company before division as per the agreements concluded, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

Article 1423 The Company dissolves for the following reasons:

- (I) the operation period expires;
- (II) the general meeting resolves to do so;
- (III) merger or division of the Company entails dissolution;
- (IV) the business license is revoked according to laws, or the Company is ordered to close or is cancelled;
- (V) if the Company gets into serious trouble in operations and management and continuation may incur material losses of interests to the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company according to laws.

If the Company has any cause for dissolution specified in the preceding paragraphs, it shall make public the cause of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Article 1434 If the Company falls under the circumstances specified in (I) or (II) of Article 143 of the Articles of Association, and has not distributed property to shareholders, it may continue to exist by amending the Articles of Association or by resolution of the general meeting. According to the preceding paragraph, amending the Articles of Association or obtaining a resolution of the general meeting requires the approval of more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Where the Company is dissolved pursuant to Items (I), (II), (IV) or (V) of Article 143~~2~~ of the Articles of Association, it shall be liquidated. The directors shall be the liquidation obligors of the Company and shall establish a liquidation committee for liquidation within 15 days after the dissolution circumstance arises. The members of the liquidation committee shall be determined by directors or the general meeting. If the liquidation obligors fail to perform the liquidation obligation in time and cause losses to the Company or creditors, they shall be liable for compensation. If the liquidation committee is not duly set up or fails to liquidate after its establishment, the ~~creditors~~ stakeholders may request the people's court to designate related persons to form a liquidation committee to carry out liquidation.

Article 1456 The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (I) to examine and take possession of the Company's assets and prepare a balance sheet and a property inventory;
- (II) to inform creditors by notice or announcement;
- (III) to deal with the outstanding businesses of the Company relating to liquidation;
- (IV) to pay off the taxes owed and the taxes arising during liquidation;
- (V) to settle claims and debts;
- (VI) to ~~dispose of~~ distribute the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

Article 1467 The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers or the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice. The creditors shall explain matters relating to their rights and Provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

The liquidation committee shall not pay off any debts to any creditors during the period of declaration of creditor's rights.

Article 1489 After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court for ~~declaration of bankruptcy~~ liquidation of the Company.

~~Following a ruling by the people's court that the Company is bankrupt~~ After the people's court accepts an application for bankruptcy, the liquidation committee shall transfer to bankruptcy administrator appointed by the people's court all matters relating to the liquidation.

Article 14950 After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, which shall be submitted to the general meeting or the people's court for confirmation and be submitted to the company registration authority, and apply to cancel registration of the Company ~~and announce termination of the Company~~.

Article 1542 Unless otherwise provided in laws, regulations or the Articles of Association, t~~he~~ Articles of Association shall be amended as per the following procedures:

- (I) The Board of Directors first approves the resolution on amendment to the Articles of Association and drafts a proposal on amendment to the Articles of Association;
- (II) The Board of Directors holds a general meeting and the proposal on amendment to the Articles of Association is voted on by the general meeting;
- (III) The general meeting approves the proposal on amendment to the Articles of Association via special resolutions;
- (IV) The Company submits the amended Articles of Association to the company registration authority for filing.

Article 1523 If the amendment to the Articles of Association shall be subject to approval by competent authorities, the Articles of Association shall be submitted to the authorities for approval; if the amendment involves registration of the Company, the involved change shall be registered pursuant to laws.

~~Chapter 21 Settlement of Disputes~~

~~**Article 153** These articles are binding upon the Company, its shareholders, directors, supervisors, managers and other senior officers; the aforementioned persons may claim rights relating to the affairs of the Company in accordance with these articles. A shareholder may bring actions against the Company, the Company may bring actions against any of its shareholders, shareholders may bring actions against each other, and a shareholder may bring actions against the directors, supervisors, managers and other senior officers of the Company, in each case in accordance with these articles. The actions referred to in the preceding paragraph include court proceedings and applications for arbitration before an arbitration tribunal. The "senior officers" referred to in these Articles shall refer to the board secretary and the financial principal of the Company and other personnel as engaged by the Board as the senior officers of the Company.~~

Chapter 221 Supplementary Provisions

Article 154 The meaning of the “accounting firm” mentioned in the Articles of Association is the same as that of “auditors”.

An “effective controller” mentioned in the Articles of Association refers to a person who ~~is not a shareholder of the Company but~~ can effectively control the Company through investment, agreement or other arrangements.

The phrases “above”, “within” and “below” as referred to in the Articles of Association are inclusive while “exceed” and “other than” are exclusive.

The “general meeting” mentioned in the Articles of Association is the same as that of “shareholders’ meeting” of a joint stock company with limited liability as prescribed in the Company Law.

The “connected relationship” mentioned in the Articles of Association means the relationship between the Company’s controlling shareholder, effective controller, directors, supervisors, senior management members and the enterprise that they control directly or indirectly, and other relationships that may cause the transfer of interest of the Company. However, state-controlled enterprises shall not be deemed as connected relationship merely because they are controlled by the State.

“Connected transactions” as referred to in the Articles of Association shall be as defined in the Listing Rules of the Hong Kong Stock Exchange.

Article 156 Unless otherwise provided in laws, regulations or the Articles of Association, aAfter adoption at the general meeting, the Articles of Association shall take effect in accordance with the resolution of the general meeting.

The Rules of Procedure for the General Meeting are written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

The proposed amendments to the Rules of Procedure for the General Meeting are set out below:

Article 7 The general meeting may exercise the following functions and powers in accordance with the law:

~~(I) to decide on the Company's operational objectives and investment plans;~~

(H) to elect and replace the directors (not being representative(s) of employees) and to decide on matters relating to the remuneration of directors;

(HI) to elect and replace supervisors who are representatives of shareholders and to decide on matters relating to the remuneration of supervisors;

~~(IVII)~~ to review and approve the reports of the Board of Directors;

(IV) to review and approve the reports of the Board of Supervisors;

~~(VI) to review and approve the Company's annual financial budgets and final accounts;~~

(VII) to review and approve the Company's profit distribution proposals and loss recovery proposals;

(VIII) to decide on any increase or reduction of the Company's registered capital;

~~(XVII)~~ to decide on the issue of corporate bonds;

~~(XVIII)~~ to decide on the merger, division, change of corporate form, dissolution and liquidation of the Company;

~~(XIX)~~ to amend the Company's Articles of Association;

(XH) to decide on the appointment, removal or non-reappointment of an accounting firm;

(XII) to review proposals raised by the shareholder(s) who individually or jointly represent(s) more than 3~~1~~% of the total shares of the Company;

~~(XVI)~~ to consider and approve external guarantees as provided in Article 5~~2~~;

(~~XV~~III) to review the Company's loan (both within the annual budget and extra-annual budget), external investment, sale of assets, acquisition, lease, mortgage, pledge or any other matters in relation to asset disposal and guarantee with an amount of more than 30% of the Company's audited total assets for the latest period;

(~~XV~~IV) to consider and approve matters relating to changes in the use of proceeds;

(~~XV~~H) to review equity incentive scheme and employee incentive scheme involving the issue of new shares;

(~~XV~~IH) to review other matters which, in accordance with the laws, regulations and Articles of Association, must be approved by a general meeting;

(~~X~~~~X~~VII) to decide on other matters required by the listing rules of the stock exchange of the place where the Company's shares are listed;

(~~X~~~~X~~VIII) the annual general meeting of the Company may grant the Board of Directors a mandate to decide on issuing shares not more than 20% of the total issued shares (or class shares, where applicable) of the Company for the time being to particular subjects, and the mandate shall elapse on the date of the next annual general meeting subject to relevant laws and regulations, normative documents and relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed.

Article 10 There are two types of general meetings: the annual general meetings and the extraordinary general meetings. Annual general meeting shall be held once every year within six months after the end of the last accounting year. Extraordinary general meeting shall be held irregularly. The ~~Board of Directors~~ Company shall hold an extraordinary general meeting within two months after the date on which any of the following circumstances occur:

(I) the number of directors is less than the number stipulated by the Company Law or less than two-thirds of the number specified in the Articles of Association of the Company;

(II) the outstanding losses of the Company amounted to one-third of the Company's total ~~paid-in~~ share capital;

(III) shareholders individually or in aggregate holding more than 10% (inclusive) of the Company's shares request in writing that an extraordinary general meeting is convened;

(IV) the Board of Directors deems necessary or the Board of Supervisors proposes that the meeting be convened;

(V) other situations, as stipulated in laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed or the Articles of Association of the Company.

Article 19 Where the Company convenes a general meeting, the Board of Directors, Board of Supervisors, and shareholder(s) individually or jointly holding more than 31% of the shares of the Company shall be entitled to make proposals to the Company.

Article 20 Shareholder(s) individually or jointly holding more than 31% of the shares of the Company may submit written interim proposals to the convener 10 days prior to the convening of the general meeting. The convener shall serve a supplementary notice of general meeting within two days after receipt of the proposals and announce the contents of the interim proposals.

Article 22 For an annual general meeting to be held, a notice shall be given to each shareholder 20 days in advance, which shall state the time and venue of the meeting, and the matters to be deliberated at the meeting. For an extraordinary general meeting, a notice shall be given to each shareholder 15 days in advance, which shall state the time and venue of the meeting, and the matters to be deliberated at the meeting. When calculating the starting period, the day on which the general meeting is convened by the Company shall be excluded.

The notice of the general meeting shall be delivered to the shareholders (whether or not entitled to vote at the general meeting) by the means of notice as provided in the Articles of Association or other means as permitted by the stock exchange(s) where the shares of the Company are listed. Notices of general meetings served to holders of overseas listed foreign shares may be published on the website designated by The Stock Exchange of Hong Kong Limited or the website of the Company. Once the announcement has been published, all holders of overseas listed shares shall be deemed to have received the notice of the relevant general meeting.

~~Notices of general meetings served to holders of overseas listed foreign shares may be published on the website designated by The Stock Exchange of Hong Kong Limited or the website of the Company. Once the announcement has been published, all holders of overseas listed shares shall be deemed to have received the notice of relevant general meeting.~~

The contents of the meeting notice and changes thereto are determined according to the Articles of Association.

Article 37 General meetings shall be convened and presided over by chairman of the Board of Directors. If the chairman is unable to perform his/her duties or fails to perform his/her duties, the meeting shall be presided over by a director selected by ~~a majority~~ more than half of directors.

A general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors cannot or does not fulfill his/her duties, ~~a majority~~ more than half of the supervisors may jointly elect a supervisor to preside over the meeting.

A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as chairman, subject to the approval of more than half of the attending shareholders having the voting rights. If for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including his/her proxy) holding the most voting shares among the attending shareholders shall preside over the meeting.

Article 47 The following matters shall be approved by ordinary resolutions at a general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and dismissal of the members of the Board of Directors and the Board of Supervisors (excluding employee supervisors), their remunerations and the method of payment thereof;
- ~~(IV) annual budgets and final accounts of the Company;~~
- (IV) annual reports of the Company;
- ~~(V)~~ other issues than those should be passed by special resolutions pursuant to relevant laws, administrative regulations or the Articles of Association.

Article 59 Resolutions of a general meeting that run counter to the laws and administrative regulations shall be void.

Where the meeting convening procedure and voting method of the general meeting run counter to the laws and administrative regulations or the Articles of Association or where the content of any resolution runs counter to the Articles of Association, the shareholders may request the people's court to cancel the said procedure, method or resolution within 60 days after adoption of the resolution, however, unless there are only minor defects in the convening procedure or voting method of the general meeting which have no substantial impact on the validity of the resolution.

The Rules of Procedure for the Board of Directors are written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

The proposed amendments to the Rules of Procedure for the Board of Directors are set out below:

Article 13 The chairman shall exercise the following functions and powers:

- (I) preside over general meetings, and convene and preside over Board of Directors meetings;
- (II) supervise and examine the implementation of the resolutions of the Board of Directors;
- (III) sign the shares, bonds and other securities issued by the Company;
- (IV) sign important documents of the Board of Directors and other documents that should be signed by the legal representative of the Company, and exercise functions and powers of the legal representative;
- (V) in case of force majeure or major emergency in which a Board of Directors meeting cannot be held in time, exercise the special right of disposal in respect of the business of the Company in compliance with laws and in the interests of the Company, and report to the Board of Directors afterwards;
- (VI) organise formulation of regulations on the operation of the Board of Directors, and coordinate the operation of the Board of Directors;
- (VII) listen to regular or irregular work reports of the senior management members of the Company, and propose guiding opinions on implementation of the resolutions of the Board of Directors;
- (VIII) nominate candidates for the general manager of the Company and secretary to the Board of Directors;
- (IX) handle foreign affairs on behalf of the Company and sign economic contracts concerning investments, cooperative operations, joint ventures and loans;
- (X) exercise other functions and powers specified in relevant laws, regulations and the Articles of Association or granted by the Board of Directors.

Where the chairman cannot fulfill his functions and powers, more than half of the directors may jointly elect a director to preside over the meeting.

Where necessary, the Board of Directors may authorise the chairman to exercise part of the functions and powers of the Board of Directors while the Board of Directors is not in session.

Article 18 Convening and presiding of meetings

The chairman shall convene and preside over the Board of Directors meetings; where the chairman cannot or does not fulfill the duty thereof, more than half of the directors may elect a director to convene and preside over the Board of Directors meetings.

Article 19 Meeting notice

The Board Office shall send a meeting notice in the written form to all the directors, supervisors, general managers and secretary to the Board by email, post, fax or direct delivery 14 days and 5 days before a regular Board of Directors meeting and a provisional Board of Directors meeting respectively. Where the notice is not served by direct delivery, telephone acknowledgment and relevant records shall be made.

Where a provisional Board of Directors meeting needs to be convened responsively in emergency, the meeting shall be held without being subject to the time in the meeting notice, and a reasonable notice shall be sent. Where the meeting notice is sent by telephone or by other verbal means, the convener shall make explanations at the meeting.

Article 29 Development strategy and investment decision-making procedures

The Company's development strategy and investment decision-making procedures: the Strategy Committee of the Board of Directors shall take charge and organise the general manager and relevant departments of the Company to formulate the Company's medium- and long-term development plans, annual investment plans, and investment and merger and acquisition plans for major projects, which shall be submitted to the Board of Directors for consideration and be implemented upon approval by voting at the general meeting in the case of matters within the terms of reference of general meeting; according to the Articles of Association, regarding investment projects within the terms of reference of the Board of Directors, the Strategy Committee of the Board of Directors shall take charge and organise the general manager and relevant departments to draw up feasibility plans and submit the same to the Board of Directors for consideration, which shall be implemented after the resolution of the Board of Directors is made.

Article 31 Financial budget and final account decision-making procedures

The Company's financial budget and final account decision-making procedures: the Audit Committee of the Board of Directors shall take charge and organise the general manager and the Company's financial department to formulate the Company's annual financial budgets and final accounts, surplus distribution and loss recovery plans, etc., and submit them to the Board for consideration and making resolutions, which shall then be implemented by the general manager upon review and approval by the general meeting in the case of matters within the terms of reference of general meeting.

Article 46 Qualifications of secretary to the Board of Directors:

- (I) having college degree or above, with at least three years' experience in secretary work, management and equity related affairs;
- (II) adequately informed of accounting, taxation, law, finance and corporate governance, having upright character and work ethics, strictly observing relevant laws, regulations and rules, and capable of diligently fulfilling duties;
- (III) a director of the Company may concurrently serve as secretary to the Board of Directors, but a supervisor may not concurrently serve as secretary to the Board of Directors;
- (IV) a person under any of the circumstances as prescribed in Article ~~146~~178 of the Company Law shall not serve as secretary to the Board of Directors;
- (V) the accountants of the accounting firm and the lawyers from the law firm engaged by the Company shall not serve concurrently as secretary to the Board of Directors;
- (VI) the circumstances disqualifying a person as director of the Company in the Articles of Association shall apply to the secretary to the Board of Directors.

The Rules of Procedure for the Board of Supervisors are written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

The proposed amendments to the Rules of Procedure for the Board of Supervisors are set out below:

Article 8 The members of the Board of Supervisors are composed of two shareholder representatives and one employee representative. Among them, shareholder representatives supervisors are elected and dismissed by shareholders' general meetings, and the employee representative supervisor is elected by the Company's congress of workers, general membership meetings or other forms of democratic election.

Article 27 To convene a regular meeting of the Board of Supervisors, all supervisors should be notified in writing 10 days before the meeting is convened; to convene an extraordinary meeting, all supervisors should be notified in writing 5 days before the meeting is convened by e-mail, post, fax or personal service. If the notice is not delivered directly, it should be confirmed by telephone and recorded accordingly. If an extraordinary meeting of the ~~Board of Directors~~ Board of Supervisors needs to be convened as soon as possible in case of emergency, it shall not be subject to the aforesaid time limit for the notice of the meeting, but a reasonable notice should be issued and the convener should make a statement at the meeting.

~~**Article 28** Before the notice of the regular meeting of the Board of Supervisors is issued, the secretary of the Board of Supervisors should solicit proposals from all supervisors for the meeting. The proposals of the Board of Supervisors focus on the supervision of the company's standardised operations and the directors and senior managers' duties and behaviors rather than the company's management decisions.~~

Article 3029 The Board of Supervisors meeting shall be convened and presided over by chairman of Board of Supervisors or a supervisor who is jointly recommended by more than half of the supervisors if chairman of Board of Supervisors is unable to or fails to perform his/her duties.

NOTICE OF THE ANNUAL GENERAL MEETING



凤祥食品

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

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

(Stock Code: 9977)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of Shandong Fengxiang Co., Ltd. (the “**Company**”) will be held at 2nd Floor, Fengxiang Gufen Building, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC on Wednesday, 5 June 2024 at 9:30 a.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 16 May 2024 (the “**Circular**”):

ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board of Directors for the year ended 31 December 2023;
2. To consider and approve the report of the Board of Supervisors for the year ended 31 December 2023;
3. To consider and approve the audited consolidated financial statements of the Group and independent auditor's report for the year ended 31 December 2023;
4. To consider and approve the profit distribution plan for the year 2023; and
5. To re-appoint BDO China SHU LUN PAN Certified Public Accountants LLP as the domestic and overseas auditors of the Company, and to authorise the Board of Directors to fix its remuneration.

NOTICE OF THE ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

6. To consider and approve the proposed amendments to the Articles of Association:

“THAT:

- (a) the proposed amendments to the Articles of Association (details of which are set out in “Appendix I — Proposed Amendments to the Articles of Association” in the Circular), be and are hereby approved and confirmed; and
 - (b) any one or more Directors, the secretary of the Board of Directors and their authorised persons be and are hereby authorised to handle all necessary applications, submissions, registrations and filings and other related matters (including revisions to wordings as requested by the relevant regulatory authorities in the PRC) in connection with the proposed amendments to the Articles of Association and any of the foregoing.”
7. To consider and approve the proposed amendments to the Rules of Procedure for the General Meeting (details of which are set out in “Appendix II — Proposed Amendments to the Rules of Procedure for the General Meeting” in the Circular).
8. To consider and approve the proposed amendments to the Rules of Procedure for the Board of Directors (details of which are set out in “Appendix III — Proposed Amendments to the Rules of Procedure for the Board of Directors” in the Circular).
9. To consider and approve the proposed amendments to the Rules of Procedure for the Board of Supervisors (details of which are set out in “Appendix IV — Proposed Amendments to the Rules of Procedure for the Board of Supervisors” in the Circular).
10. To consider and approve the grant of a general mandate to the Board of Directors to issue shares of the Company:

“THAT:

- (a) the Board of Directors be and is hereby granted a general and unconditional mandate to separately and concurrently, issue, allot and/or deal with the additional Domestic Shares and/or H Shares, and to make or grant offers, agreements and options which would or might require to issue, allot and/or deal with Domestic Shares and/or H Shares, subject to the following terms:
 - (i) such mandate shall not extend beyond the Relevant Period save that the Board of Directors may during the Relevant Period make or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF THE ANNUAL GENERAL MEETING

- (ii) as at the date of the resolution to be made herein, the aggregate number of Domestic Shares and H Shares to be issued, allotted and/or dealt with or agreed conditionally or unconditionally to be issued, allotted and/or dealt with (whether pursuant to an option or otherwise) by the Board of Directors, shall not exceed 20% of the total issued shares of the Company (including Domestic Shares and H Shares) as at the date of passing this resolution; and
 - (iii) the Board of Directors will only exercise its power under such mandate in accordance with the relevant requirements under the Listing Rules, the Articles of Association, and the applicable laws and regulations of the PRC, as amended from time to time, and will comply with all necessary.
- (b) for the purpose of this resolution:
- “**Domestic Share(s)**” means ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi;
- “**H Share(s)**” means overseas listed foreign shares in the share 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;
- “**Relevant Period**” means the period from the passing of this resolution until the earliest of:
- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
 - (ii) the expiration of the 12-month period following the passing of this resolution; and
 - (iii) the date on which the authority granted to the Board of Directors set out in this resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting.
- (c) contingent upon the Directors resolving to issue and allot the Domestic Shares and H Shares pursuant to subparagraph (a) of this resolution, the Board of Directors be and is hereby authorised to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such new Domestic Shares and/or H Shares including but not limited to determining the time and place of issue, making all necessary applications to the relevant authorities and entering into an underwriting agreement (or any other agreement), to determine the use of proceeds and to make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities, and to amend the Articles of Association as it thinks fit so as to reflect

NOTICE OF THE ANNUAL GENERAL MEETING

the increase in the registered capital and the new share capital structure of the Company after the issue and allotment of the Domestic Shares and H Shares pursuant to subparagraph (a) of this resolution and to take any necessary actions and to go through any necessary procedures (including but not limited to obtaining approvals from relevant regulatory authorities and completing registration processes with relevant industrial and commercial administration) to give effect to the issue of shares.”

By order of the Board of Directors
Shandong Fengxiang Co., Ltd.
Zhu Lingjie
Chairman

Shandong, the PRC, 16 May 2024

Notes:

1. The holders of H Shares and Domestic Shares whose names appear on the registers of the members of the Company on Wednesday, 5 June 2024 are entitled to attend and vote at the AGM. For the purpose of determining the Shareholders' eligibility to attend and vote at the AGM, the registers of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024 (both days inclusive), during which no transfer of Shares can be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the Company's registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Thursday, 30 May 2024.
2. Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf. A proxy need not be a shareholder of the Company.
3. A proxy shall be appointed by an instrument in writing (including the proxy form). Such instrument shall be signed by the appointor or his/her attorney duly authorised in writing. If the appointor is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. In order to be valid, the instrument appointing the proxy shall be deposited at the Company's H Share registrar in Hong Kong (for holders of H Shares) or at the address of the Company's registered office in the PRC (for holders of Domestic Shares) not less than 24 hours before the time appointed for holding the AGM (i.e. not later than 9:30 a.m. on Tuesday, 4 June 2024) or any adjourned meeting (as the case may be). If the instrument appointing the proxy is signed by a person authorised by the appointor, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar in Hong Kong or the address of the Company's registered office in the PRC (as may be applicable).

Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the AGM or any of its adjourned meetings should they so wish.

4. Shareholders or their proxies are required to produce their identification documents when attending the AGM.
5. Miscellaneous
 - i. It is expected that the AGM will last for half a day. All attending Shareholders shall arrange for their transportation and accommodation and shall bear all their own expenses in connection with their attendance.

NOTICE OF THE ANNUAL GENERAL MEETING

ii. Details on the abovementioned resolutions to be considered and approved at the AGM are set out in the circular of the Company in respect of the AGM dated 16 May 2024.

iii. The address of Computershare Hong Kong Investor Services Limited is:

Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990

iv. The address of the registered office and principal place of business of the Company is:

Liumiao Village
Anle Town
Yanggu County
Liaocheng City
Shandong Province
PRC
Tel: (86) 635 713 8018
Fax: (86) 635 713 6002 166

6. References to dates and times in this notice are to Hong Kong dates and times.

As at the date of this notice, the Board of Directors comprises Mr. Xiao Dongsheng and Mr. Shi Lei as executive Directors; Mr. Qiu Zhongwei, Mr. Lu Wei, Mr. Zhu Lingjie and Ms. Zhou Ruijia as non-executive Directors; and Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive Directors.