
This is a consolidated version of the articles of the association not formally adopted by shareholders in a general meeting. The Chinese version shall prevail in case of inconsistency or discrepancy between the Chinese version and its English translation.

CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED (THE COMPANY)

ARTICLES OF ASSOCIATION

(original Articles of Association adopted by a special resolution passed at the Company's general meeting on 1 July 1993)

(as amended by a special resolution passed at the Company's general meeting on 29 May 1995)

(as amended by a special resolution passed at the Company's general meeting on 31 May 1996)

(as amended by a special resolution passed at the Company's general meeting on 14 June 2002)

(as amended by a special resolution passed at the Company's general meeting on 26 March 2004)

(as amended by a special resolution passed at the Company's general meeting on 25 June 2004)

(as amended by a special resolution passed at the Company's general meeting on 27 May 2005)

(as amended by a special resolution passed at the Company's general meeting on 10 October 2005)

(as amended by a special resolution passed at the Company's general meeting on 9 May 2006)

(as amended by a special resolution passed at the Company's general meeting on 20 December 2006)

(as amended by a special resolution passed at the Company's general meeting on 13 May 2008)

(as amended by a special resolution passed at the Company's general meeting on 19 May 2009)

(as amended by a special resolution passed at the Company's general meeting on 25 May 2010)

(as amended by a special resolution passed at the Company's general meeting on 31 May 2011)

(as amended by a special resolution passed at the Company's general meeting on 19 December 2012)

(as amended by a special resolution passed at the Company's general meeting on 25 November 2013)

(as amended by a special resolution passed at the Company's general meeting on 11 November 2014)

(as amended by a special resolution passed at the Company's general meeting on 22 December 2014)

(as amended by a special resolution passed at the Company's general meeting on 8 May 2015)

(as amended by a special resolution passed at the Company's general meeting on 29 Dec 2015)

(as amended by a special resolution passed at the Company's general meeting on 27 Dec 2017)

(as amended by a special resolution passed at the Company's general meeting on 24 Dec 2019)

CHAPTER 1 GENERAL PROVISIONS

Article 1 The Company is a joint stock limited company established in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Special

Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”) and other relevant requirements under the laws and administrative regulations of the state. The legal rights and interests of the Company and shareholders are under the jurisdiction and protection of the laws, regulations and other relevant rules of the government of China.

In accordance with the requirements of the Constitution of the Communist Party of China, an organisation of the Communist Party of China shall be established, providing direction, managing the overall situation and ensuring implementation. The working organ(s) of the Party shall be established within the Company, and shall be equipped with sufficient staff to deal with Party's affairs and be provided with sufficient funds to operate the Party organisation.

Article 2 The Company, with the approval Ti Gai Sheng No. [1993] 83 from National Development and Reform Commission, was registered and established at Administration for Industry & Commerce of Guangzhou Municipality on 7 June 1993 in the form of promotion, with registration number 19049939-0, and obtained business license thereof. The Company obtained approval from Ministry of Foreign Trade and Economic Co-operation [1994] Wai Jingmao Zi Zong Han Zi no. 415 on 17 August 1994 as a sino-foreign equity joint venture with limited liability, certificate [1994] Wai Jingmao Zi Shen Zi no. 135 on 31 August 1994 and changed registration on 21 October 1994 and changed license on 10 October 1995 to register as a sino-foreign equity joint venture with limited liability. The registration number of business license after the change was Qi Gu Yue Sui Zong Zi no. 000264. According to Guotongzi No. [2011] 86, the form of the Company has changed to a joint stock limited company (joint venture between entities of Taiwan, Hong Kong, Macau and entities of the PRC).

The business license of the Company was subsequently changed again on 10 December 2009 and the registration number was changed to 440101400025144. On 29 December 2015, the unified social credit code of the Company after re-certification was 91440101190499390U.

The promoter of the Company is Guangzhou Shipyard Co. Ltd..

Article 3 The registered names of the Company are 中船海洋与防务装备股份有限公司 (in Chinese) and CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED (In English).

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

Article 4 The address of the Company is 15th Floor, Ship Building, No.137 Gexin Road, Haizhu District, Guangzhou, China.

Postal code : 510250 Telephone : (020) 81636688 Fax : (020) 81805255

Article 5 The Company is a joint stock limited company in perpetual existence.

Article 6 The original Articles of Association was adopted upon approval by shareholders at the general meeting through special resolution on 1 July 1993. This Articles of Association, as amended as per special resolutions for its amendment under the authorization of the twenty-one shareholders' general meetings respectively on 29 May 1995, 31 May 1996, 14 June 2002, 26 March 2004, 25 June 2004, 27 May 2005, 10 October 2005, 9 May 2006, 20 December 2006, 13 May 2008, 19 May 2009, 25 May 2010 , 31 May 2011, 19 December 2012, 25 November 2013, 11 November 2014, 22 December 2014, 8 May 2015 ,29 December 2015, 27 December 2017 and 24 December 2019 came into effect after being filed with relevant authorities, and thereupon the original Articles of Association ceased to have effect.

From the date of these Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

Article 7 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, managers and other senior management, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

Shareholders may sue the Company in accordance with the Articles of Association; the Company may sue shareholders in accordance with the Articles of Association; shareholders may sue shareholders in accordance with the Articles of Association; and shareholders may sue the directors, supervisors, managers and other senior management members of the Company in accordance with the Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Article 8 The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution.

Subject to approval from examination and approval departments authorized by the State Council, the Company may operate according to its operation and management needs in the form of a holding company in accordance with the Company Law.

Article 9 Unless otherwise provided by the Company Law or other relevant administrative regulation or having obtained special approval from relevant authorities, terms added into this Articles of Association pursuant to requirements of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas shall not be modified or deleted.

CHAPTER 2 PURPOSE AND SCOPE OF BUSINESS

Article 10 The business purpose of the Company is to establish and operate a diversified industrial enterprise and make the enterprise one of the largest shipyard companies in the world; to manufacture various types of excellent products through advanced scientific management and flexible mode of operation in order to advance the China and world-wide shipping industry; and to proactively open foreign markets for the Company's products so as to achieve satisfactory economic effect for shareholders.

Article 11 The scope of business of the Company shall include: marine equipment manufacturing; container manufacturing; metal structures manufacturing; metal pressure vessel manufacturing; mechanical parts processing; tempered glass manufacturing; cutting tool manufacturing; other furniture manufacturing; ship maintenance; general equipment repairs; engineering survey and design; machinery technology transfer services; interior decoration and design; water transport equipment rental services; container leasing services; machinery and equipment leasing; construction general contracting services; overseas dispatch of all kinds of labour service personnel (excluding seamen); provision of docks, barge anchorages, floats and other facilities for ships.

Business activities of the Company are subject to the scope of business registered.

Article 12 Subject to relevant procedures under this Articles of Association and approval from relevant governmental authorities, the Company may, according to domestic and foreign market trend, business expansion needs inside and outside the country and the Company's development potential, adjust its investment structure, orientation and scope of business.

Article 13 The Company has obtained approval from relevant authorities to set up subsidiaries, branch companies and offices (whether wholly-owned or not) in China (Hong Kong and Macau) and other overseas countries to cope with business growth, so as to achieve the Company's purpose of internationalized operation and Company expansion.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 14 The Company shall have ordinary shares at all times. The Company may have other kinds of shares according to needs, upon approval of the company approval authorities that are authorized by the State Council.

Article 15 The shares of the Company shall be in the form of stock.

All the shares issued by the Company shall have a par value which shall be RMB1.00 for

each share.

Shares of the Company shall be issued in an open, fair and just manner. Shares of the same class shall rank pari passu with each other.

For the same class of shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions. For the shares subscribed by any organization or individual, the price payable for each of such shares shall be the same.

Article 16 Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

For the purposes of the preceding paragraph, the term “foreign investors” shall refer to investors from foreign countries or from Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company, and the term “domestic investors” shall refer to investors within the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 17 Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as overseas-listed foreign shares. Overseas-listed foreign shares of the Company currently listed in Hong Kong are H shares. Shares issued by the Company include domestic shares and overseas-listed foreign shares listed in Hong Kong (H shares), both are ordinary shares.

Article 18 Capital structure of the Company is as follow: 1,413,506,378 shares of ordinary shares, of which 821,435,181 shares are domestic shares (A shares) listed in the PRC, representing 58.11% of the total ordinary shares of the Company, and 592,071,197 shares are overseas-listed foreign shares (H shares), representing 41.89% of the total ordinary shares of the Company.

Article 19 Upon approval by the securities regulatory authority of the State Council of the Company's proposal for issue of overseas-listed foreign shares and domestic shares, the Board of the Company may make implementation arrangements for separate issue.

The Company's proposal for separate issue of overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval by securities regulatory authority of the State Council.

Article 20 Where the Company issues overseas-listed foreign shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several issues subject to the approval of securities regulatory authority of the State Council.

Article 21 The Company's registered capital is RMB1,413,506,378.

The Company assumes its debt liability to the extent of all of its assets. Shareholders assume liability to the Company to the extent of the shares held by them.

Article 22 The Company may, based on its requirements for operation and development and in accordance with the relevant requirements of this Articles of Association, approve an increase of capital in the following manners:

- (1) by offering new shares for subscription to unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting new shares to its existing shareholders;
- (4) by capitalizing its capital reserve;
- (5) by other means which is permitted by the laws, administrative regulations and by other means authorized by the China Securities Regulatory Commission.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of these Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of the State.

Article 23 The shares of the Company held by the promoters of the Company shall not be transferred within one year from the date on which the Company was established. Shares issued prior to public offering shall not be transferred within one year from the date on which the shares of the Company being listed and traded on the stock exchange.

The directors, supervisors and senior management members of the Company shall report to the Company their shareholdings and changes therein and shall not transfer more than 25% per year of the total number of shares held by them during their tenure in the Company. The shares held by them shall not be transferred within one (1) year from the date the shares of the Company being listed and traded on the stock exchange(s) and the aforesaid person(s) shall not transfer the shares of the Company held by them within six (6) months commencing from the termination of their service.

Any gains from sale of shares in the Company by any directors, supervisors, senior management members or shareholders holding 5% or more of the shares in the Company within six (6) months after their purchase of the same, and any gains from purchase of shares in the Company by any of the aforesaid parties within six (6) months after sale of the same shall belong to the Company. The Board shall forfeit such gains from the abovementioned parties. Should the Board does not observe the provisions in this paragraph, responsible directors shall be liable joint and severally.

Should the Board does not observe the provisions of the preceding paragraph, the shareholders shall be entitled to request the Board to effect the same within thirty (30) days. If the Board of the Company fails to do so within the aforesaid time limit, the shareholders may directly initiate court proceedings in the People's Court in their own name for the interests of the Company.

Unless otherwise provided by the laws, administrative regulations or this Articles of Association, shares of the Company are freely transferrable without any lien. The Company does not accept any share of the Company to be the subject of any pledge.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARE

Article 24 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital.

Article 25 The Company must prepare a balance sheet and an inventory of assets and proceed in accordance with the procedure(s) under the Company Law and other relevant rules and the requirements of this Articles of Association when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of registered capital and shall publish an announcement at least three (3) times in the newspaper within thirty (30) days from the date of such resolution. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within ninety (90) days from the date of the first announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

Article 26 The Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the delegated department of the State Council, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;

-
- (3) using the shares for employee shares scheme or equity incentives;
 - (4) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or split of the Company;
 - (5) converting shares to the company bonds issued by the Company that can be converted into shares;
 - (6) be necessary for the Company to maintain the Company's value and shareholders' interests;
 - (7) other circumstances as permitted by laws and administrative regulations.

The Company shall not engage in the sale and purchase of its shares save for the circumstances specified above.

Where the Company repurchases its shares, it shall perform its information disclosure obligations in accordance with laws. The Company shall not accept the shares thereof as the subject of pledge rights.

Article 27 The Company may, with the approval of the examining and approval authority, repurchase its shares in one of the following manners:

- (1) to make an offer of repurchase to all of its shareholders in the same proportion;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement;
- (4) other means approved by China Securities Regulatory Commission.

Where the Company repurchases its shares in the circumstances set out in 1 (3), (5) and (6) of Article 26, it shall be conducted through open centralized trading.

Article 28 Where the Company repurchases its shares for reasons set out in (1) and (2) of

Article 26, it shall seek prior approval of the shareholders at general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at general meeting obtained in the same manner.

Where the Company repurchases its shares in the circumstances set out in (3), (5) and (6) of Article 26 of the Articles of Association, it shall seek prior approval of the shareholders at general meeting, or be authorized by the general meeting, and it may also be approved by a resolution of the board of directors attended by more than two-thirds of directors.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its rights thereunder.

Article 29 After the purchase by the Company of its shares pursuant to the laws and the circumstances described under paragraph (1) of Article 26, shares purchased shall be cancelled within ten (10) days from the date of acquisition; for those circumstances described under paragraphs (2) and (4), the shares shall be transferred or cancelled within six (6) months; for those circumstances described under paragraphs (3), (5) and (6), the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company, and the shares shall be transferred or cancelled within three years; upon involving cancellation of shares, and the Company shall apply to the original company registration authority for registration of the change of its registered capital.

The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled shares.

Article 30 Unless the Company is in the course of liquidation, it must comply with the

following provisions in respect of repurchase of its outstanding shares:

(1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;

(2) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

1. if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;

2. if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the current amount of the Company's share premium account (or capital reserve account) (including the premiums on the fresh issue);

(3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

1. acquisition of rights to repurchase shares of the Company;

2. variation of any contract for repurchasing shares of the Company;

3. release of its obligation under any contract for repurchasing its shares;

(4) after the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the

shares repurchased shall be transferred to the Company's share premium account (or capital reserve account).

CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF THE COMPANY'S SHARES

Article 31 The Company or its subsidiaries (including affiliates of the Company) shall not, by any means (including gifts, advance, guarantee, compensation or loan) and at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

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

This provision does not apply to the circumstances stated in Article 33.

Article 32 The financial assistance referred to in this Chapter includes (without limitation) the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;

-
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would be reduced to a material extent.

The expression “assuming an obligation” referred to in this Chapter includes the assumption of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Article 33 The following activities shall not be regarded to be activities as prohibited in Article 31:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);
- (6) the provision of money by the Company for contributions to employees share schemes (provided that the net assets of the Company are not thereby reduced or that, to the

extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 34 Share certificates of the Company shall be in registered form.

The items specified on the share certificate of the Company shall, in addition to those provided in the Company Law, contain other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

Article 35 The share certificates shall be signed by the chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by the Company's other senior management member, the share certificates shall also be signed by other relevant senior management. The share certificates shall be valid after being affixed with the seal of the Company or the seal of the Company in printed form. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the chairman of the Company or other relevant senior management on the share certificates may also be in printed form.

Article 36 The Company shall establish the register of shareholders with the information provided by the share registrar. Shareholders enjoy right and assume obligation in accordance with the class of share they hold; shareholders holding the same class of share enjoy the same right and assume the same obligation.

The register of shareholders shall contain the following particulars:

- (1) the name, address, occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;

-
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
 - (4) the serial numbers of the shares held by each shareholder;
 - (5) the date on which a person registers as a shareholder;
 - (6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

Article 37 The Company may, in accordance with the mutual understanding or agreements made between securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas-listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas-listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

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

If there is any inconsistency between the original and the duplicate of the register of holders of overseas-listed foreign shares, the original version shall prevail.

Article 38 The Company shall maintain a complete register of shareholders. The register of shareholders shall include the following:

- (1) the register of shareholders maintained at the Company's address (other than those parts as described in paragraphs (2) and (3) and of this Article);
- (2) the register of shareholders in respect of the holders of overseas-listed foreign shares of the Company maintained at the place where the overseas stock exchange on which

the shares are listed is located;

- (3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Article 39 Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

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

For the overseas-listed foreign shares listed in Hong Kong which were fully paid, the shares can be transferred freely pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, the Board may refuse to recognize any transfer instruments without stating any reasons therefor:

- (1) A fee of two Hong Kong Dollars or any other higher fee agreed on by the Hong Kong Stock Exchange has been paid to the Company for the registration of the transfer instruments and other instruments relating to or affecting the title to any shares;
- (2) The transfer instruments relate only to the overseas-listed foreign shares listed in Hong Kong;
- (3) The stamp duty payable on the transfer instruments had been paid;
- (4) The provision of the relevant share certificate and the evidences for having the right to transfer shares as reasonably required by the Board;
- (5) If the share is to be transferred to joint owners, the number of the joint owners shall not exceed four (4); and
- (6) The share is free from all liens.

Article 40 In respect of the holders of overseas-listed foreign shares, transfers may not be entered in the register of shareholders within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days before the benchmark date set by the Company for the purpose of distribution of dividends. In respect of the holder of domestic shares, the transfers are entered into the register of shareholders in accordance with the requirements under domestic laws and regulations.

The record date for general meeting of the Company shall be subject to the requirements under Article 71 of these Articles of Association.

Article 41 When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall decide on a date for the determination of rights attaching to shares in the Company. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Company.

Article 42 Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 43 Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may (if his share certificates (the "original certificates") are lost) apply to the Company for a replacement share certificate in respect of such shares (the "relevant shares").

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with Clause 143 of the Company Law.

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

overseas-listed foreign shares is maintained.

The issue of replacement share certificates to holders of overseas-listed foreign shares of the Company listed in Hong Kong (H shares) shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.
- (2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement share certificate.
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

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

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

Article 44 Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 45 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

CHAPTER 7 RIGHT AND OBLIGATION OF SHAREHOLDERS

Article 46 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights

and assume the same obligations.

Article 47 The ordinary shareholders of the Company shall be entitled to the following rights:

- (1) the right to propose, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and to exercise the corresponding voting right thereat in accordance with laws;
- (2) the right to dividends and other distributions in proportion to the number of shares held;
- (3) the right to supervise the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, donate, or pledge shares held by them in accordance with State laws, administrative regulations, the relevant requirements of the Articles of Association;
- (5) the right to be informed of and participate in decision making on material matters of the Company as prescribed under the laws, administrative regulations and the Articles of Association;
- (6) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
 2. subject to payment of a reasonable charges, to inspect and make copy of:
 - (i) all parts of the register of shareholders;
 - (ii) personal particulars of each of the Company's directors, supervisors, managers and other

senior management, including:

- a) present name and alias and any former name and alias;
- b) principal address;
- c) nationality;
- d) primary and all other part-time occupations;
- e) identification document and its number.

(iii) report on the state of the Company's share capital and the Company's bond counterfoil;

(iv) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;

(v) minutes of shareholders' general meetings, Board meeting and supervisory committee meeting and financial accounting reports;

3. Shareholders demanding inspection of the information or copies of the materials as described under the preceding paragraph shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

(7) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(8) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or split of the Company, the right to demand the Company to acquire the shares held by them;

(9) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 48 In the event of breach of requirements of the laws, administrative regulations or this Articles of Association by directors or senior management members in performing their duties to the Company and incurred losses to the Company, shareholders severally or jointly holding more than 1% shares of the Company for over 180 days are entitled to request in writing the supervisory committee to bring action in the People's court; in the event of breach of requirements of the laws, administrative regulations or this Articles of Association by the supervisory committee in performing their duties to the Company and incurred losses to the Company, shareholders may request in writing the Board to bring action in the People's court.

In case the supervisory committee or the Board decline to bring action after receipt of the written request as prescribed under the preceding paragraph, or fail to bring action in 30 days commencing from receipt of the request, or any other emergency occurs which would materially prejudice the Company's interest if action is not taken immediately, shareholders as prescribed under the preceding paragraph are entitled to apply to the People's court for legal proceedings under their own name for the interest of the Company.

In the event of any infringement against the legal rights and interests of the Company by any other person and incurred losses to the Company, shareholders as prescribed in the first paragraph of this Article may bring action in the People's court pursuant to requirements of the two preceding paragraphs.

Article 49 In the event of any violation of the laws, administrative regulations or requirements of this Articles of Association by the directors or senior management member which prejudice the interest of shareholders, shareholders may bring action in the People's court.

Article 50 The shareholders of the Company shall assume the following obligations:

(1) To abide by laws, administrative regulations and the Articles of Association;

-
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;
 - (3) Not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;

Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the law.

Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be liable for the debts owed by the Company together with the Company.

- (4) Not to divest the shares unless required by the laws and regulations;
- (5) Other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

If a shareholder who holds more than 5% of the voting rights in the Company creates a charge on its shares, it shall report to the Board of the Company in writing on the date of creation of the charge.

Article 51 The controlling shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they

have violated this provision and caused damage to the Company, they shall be liable for such damages.

The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the law. The controlling shareholder shall not do harm to the lawful interests of the Company and its other shareholders through means such as profit distribution, asset restructuring, external investment, possession of capital and lending guarantees and shall not make use of its controlling status against the interests of the Company and other shareholders.

The commitments made by the controlling shareholder and de facto controller of the Company and relevant parties of the Company shall be clear, specific and enforceable, and shall not promise anything which are judged to be obviously impossible to achieve according to the prevailing circumstances, and shall make a statement of commitment fulfillment in the commitments, clarify default responsibility, and fulfill the commitments.

Article 52 Directors, supervisors and other senior management members of the Company shall observe the laws, administrative regulations and the Articles of Association and perform faithfully the fiduciary duties and diligence duties to the Company and voluntarily safeguard the security of the Company's asset and not use the convenience of their functions to assist in or tolerate appropriation of the Company's capital by controlling shareholders. They shall not infringe interests of the Company via illegal guarantee, unfair connected transaction and any other means.

Upon discovery of any infringement of assets of the Company in any form including but not limited to appropriation of capital of the Company by controlling shareholders or de facto controlling persons, the Board of the Company shall immediately freeze any equities of the Company held by such controlling shareholders, and, in case such controlling shareholders failing to settle such infringed assets in cash, such infringed assets shall be settled by realization of such

equities held by such controlling shareholders.

In case any supervisor of the Company assist or tolerate any controlling shareholders or their affiliates to infringe assets of the Company, upon proposal by the Board of the Company or shareholders holding 3% (inclusive) or more shares of the Company, a shareholders' general meeting shall be convened to remove such supervisor;

In case any director of the Company assist or tolerate any controlling shareholders or their affiliates to infringe assets of the Company, upon proposal by the supervisory committee of the Company or shareholders holding 3% (inclusive) or more shares of the Company, a shareholders' general meeting shall be convened to remove such director;

In case any other senior management member of the Company Assist or tolerate any controlling shareholders or their affiliates to infringe assets of the Company, upon proposal by one-third or more of the Board or the supervisory committee of the Company, a Board meeting shall be convened to remove such senior management member;

Any director, supervisor or senior management member of the Company in breach of the fiduciary duties to assist in or tolerate by using their status any infringement of assets of the Company by controlling shareholders or their affiliates and contribute an offence, subject to resolution pass by the Board or the supervisory committee of the Company, shall be transferred to the judiciary against related criminal liability.

Article 53 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company; if they have violated this provision and caused damage to the Company, they shall be liable for such damages.

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;

-
- (2) to approve the deprivation by a director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
 - (3) to approve the deprivation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

Article 54 The term "controlling shareholder" referred to in the preceding Article means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the Board members;
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

CHAPTER 8 SHAREHOLDERS' GENERAL MEETING

Article 55 The shareholders' general meeting is the organ of authority of the Company, and may exercise its functions and powers in accordance with law.

Article 56 The shareholders' general meeting may exercise the following functions and powers:

-
- (1) to decide on the operating policies and investment plans of the Company;
 - (2) to elect and replace directors and supervisors who are representatives of shareholders, decide on matters relating to the remuneration of directors and supervisors;
 - (3) to consider and approve reports of the Board;
 - (4) to consider and approve reports of the supervisory committee;
 - (5) to consider and approve the Company's proposed annual financial budget and final budgetary report;
 - (6) to consider and approve the Company's profit distribution plans and plans for making up losses;
 - (7) to decide on increases or reductions in the Company's registered capital;
 - (8) to decide on matters such as merger, split, dissolution, liquidation or change of the corporate form of the Company;
 - (9) to decide on the issue of bonds by the company;
 - (10) to adopt resolutions on the Company's appointments, dismissals or non-reappointments of accountants' firms;
 - (11) to amend the Articles of Association;
 - (12) to consider the proposals submitted by shareholders holding not less than 5% (inclusive) of the Company's voting shares;
 - (13) Shareholders' general meeting of the Company may authorize or entrust the Board to address matters authorized or entrusted by them; when authorizing or entrusting the Board to address matters authorized or entrusted by them, shareholders' general meeting of the Company shall abide by the laws and safeguard the lawful rights and

interests of shareholders of the Company, and enforce requirements of the laws and regulations to ensure efficient operation and scientific decision of the Company.

Matters which may be authorized or entrusted to the Board are as follows:

1. Amend the text of the Articles of Association of the Company after amendment of the Articles of Association of the Company being passed in principle at shareholder's general meeting;
 2. distribution of interim dividend;
 3. matters involved in issuance of new shares and convertible bond;
 4. matters involved in acquisition of shares of the Company for the reasons set out in (3), (5) and (6) of Article 26 of the Articles of Association;
 5. other matters which may be authorized or entrusted to the Board pursuant to laws, administrative regulations and the Articles of Association.
- (14) to consider and approve matters relating to the guarantee under Article 57;
- (15) to consider matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (16) to consider and approve matters relating to changes in the use of proceeds;
- (17) to consider the share repurchase of the Company as stipulated in Article 26 of the Articles of Association;
- (18) other matters required by laws, administrative regulations and the provisions of the Articles of Association to be resolved by the shareholders' general meeting.

Article 57 External guarantee by the Company shall be voted on and approved by more than two-thirds of all Board members. In the event that any of the following circumstances applies, such guarantees are subject to review and approval by the general meeting of shareholders:

-
- (1) based on the principle of cumulative calculation of the guarantee amount for 12 consecutive months, any guarantee exceeding 30% of the Company's latest audited total assets;
 - (2) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;
 - (3) a guarantee to be provided to a party which has an asset-liability ratio in excess of 70%;
 - (4) a single guarantee for amount in excess of 10% of the Company's latest audited net assets;
 - (5) based on the principle of cumulative calculation of the guarantee amount for 12 consecutive months, any guarantee exceeding 30% of the Company's latest audited total assets, and the absolute amount exceeds RMB50 million;
 - (6) external guarantees that shall be considered by the shareholders' meeting stipulated by China Securities Regulatory Commission, Shanghai Stock Exchange or the Articles of Association;
 - (7) the guarantee to be provided in favour of shareholders, de facto controllers and their related parties.

Any party provided with external guarantee by the Company must provide counter-guarantee and shall have actual ability to assume such counter-guarantee.

References to "external guarantees" in the Articles of Association are to guarantees provided by the Company in favour of other persons, including guarantees provided by the Company in favour of its controlling subsidiaries. References to "the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries" are to the sum of the aggregate amount

of external guarantees provided by the Company, including those in favour of its controlled subsidiaries, and the aggregate amount of external guarantees provided by controlled subsidiaries of the Company.

Article 58 Without prior approval obtained in a shareholders' general meeting, the Company shall not enter into any contract with any party other than the directors, supervisors, managers and other senior management members pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business, unless the Company is under extraordinary situation such as crisis.

Article 59 General meetings of shareholders shall be annual general meetings of shareholders and extraordinary general meetings of shareholders. The annual general meeting of shareholders shall be held once every year within six (6) months after the end of the previous accounting year.

The Board shall hold an extraordinary general meeting of shareholders within two (2) months upon the occurrence of one of the following circumstances:

- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses are in excess of one-third of the Company's total paid-up share capital;
- (3) two or more shareholders holding in aggregate of more than 10% (inclusive) of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting;
- (4) the Board considers it necessary or the supervisory committee proposes to hold such a meeting;
- (5) such other circumstances as provided for by laws, administrative regulations,

departmental regulations or the Articles of Association.

Article 60 Independent directors have the right to propose the Board to convene extraordinary general meetings. The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten (10) days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within five (5) days after the Board resolved to do so. If the Board does not agree to convene the extraordinary general meeting, reasons shall be explained and announced.

Article 61 The supervisory committee has the right to request the Board to convene extraordinary general meetings in writing. The Board shall reply in writing regarding the acceptance or refusal to convene the extraordinary general meeting within ten (10) days upon receiving the request in accordance with requirements of the laws, administrative regulations and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within five (5) days after the Board reached the resolution to do so. Should there be amendments to the original proposals in the notice, consent has to be obtained from the supervisory committee.

If the Board does not agree to convene the extraordinary general meeting or does not reply within ten (10) days upon receiving the request, the Board will be considered as unable or refused to fulfill the obligation to convene general meetings and the supervisory committee may convene and preside over the meeting on its own.

Article 62 Two or more shareholders holding over 10% of shares of the Company shall be entitled to request and demand the Board to convene extraordinary general meetings and shall

make written request to the Board. The Board shall reply in writing regarding the acceptance or refusal to convene the extraordinary general meeting as soon as possible but in any event within ten (10) days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within thirty (30) days upon receiving the written request. Should there be amendments to the original requests in the notice, consent has to be obtained from the relevant shareholders.

If the Board does not agree to convene the extraordinary general meeting or does not reply within ten (10) days upon receiving the request, or does not issue notice convening the general meeting beyond thirty (30) days after the receipt of the written request, shareholders proposed such request may convene the meeting by themselves after 4 months have lapsed since the receipt of the request by the Board. The procedure to convene the meeting shall be as close to the procedure for convening general meeting by the Board as possible.

Article 63 Supervisory committee or shareholders, if decided to convene general meetings on their own, shall inform the Board in writing and make filing with the appointed organization of the China Securities Regulatory Commission and the stock exchange in the locality of the Company for record.

Prior to the publication of announcement of the shareholders resolutions, holding by the convening shareholders shall not be less than 10%.

Supervisory committee and Shareholders convening the meeting shall provide relevant evidences to the appointed organization of the China Securities Regulatory Commission and the stock exchange in the locality of the Company prior to issuing the notice of general meeting and announcing resolutions of the general meeting.

Article 64 The Board and the secretary to the Board should cooperate with the

supervisory committee or shareholders convening general meetings on their own. The Board shall provide the register of shareholders as of the share capital registration day.

Article 65 The Company will bear all the necessary costs for the general meeting convened by the supervisory committee or shareholders.

Article 66 When convening a general meeting, the Company shall give written notice to all shareholders in the register forty-five (45) days prior to the date of the meeting to inform them of the matters to be considered in the meeting as well as the date, time and venue of the meeting. Shareholders who intend to attend the general meeting shall deliver to the Company their replies in writing twenty (20) days prior to the date of the meeting.

Article 67 After the notice convening a general meeting has been issued, the general meeting shall not be postponed without reason. In the event that such general meeting must be postponed due to special reason, a notice with regard to the postponement shall be issued no less than 2 days prior to the original date of the holding of the general meeting. The convener shall include explanation of the postponement and disclose the date appointed for the postponed meeting in the notice of postponement.

Article 68 Contents of motions shall fall within the powers and functions of a general meeting, cover specific topics for discussion and specific issues to be resolved, and comply with the requirements of laws, administrative regulations and the Articles of Association.

Article 69 In relation to a general meeting convene by the Company, shareholders holding in aggregate over 5% (inclusive) of the shares of the Company with right to vote are entitled to propose new motions to the Company in writing 10 days before the convening of such general meeting. The Company shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two (2) days after receiving the proposed motions and add those falling within the powers and functions of a general meeting into the agenda of such meeting.

Except as stipulated above, the Company shall not alter the motions listed in the notice of general meeting or add new motions after the notice of general meeting has been published.

The proposals that have not been set out in the notice of the shareholders' general meeting or that do not comply with Article 68, shall not be voted on or resolved at the shareholders' meeting.

Article 70 The Company shall calculate the number of shares with voting rights represented by the shareholders planning to attend the general meeting in accordance with the written replies received twenty (20) days before the meeting is held. In the event that the number of shares with voting rights represented by the shareholders planning to attend reaches more than half of our total number of shares with voting rights, the Company may convene the general meeting. If this requirement is not met, the Company shall again inform the shareholders of the matters to be considered and the date and venue within five (5) days in the form of an announcement. After such announcement has been given, the Company may then hold the general meeting. Proposals that have not been set out in the notice of the general meeting shall not be resolved on at the extraordinary general meeting.

Article 71 The notice of a general meeting shall meet the following criteria:

(1) is made in writing;

(2) specifying the venue, date and time of the meeting;

(3) setting out the matters and motions to be considered at the meeting;

(4) providing shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but not limited to) where a proposal is made to merge the Company with another, to repurchase shares, to restructure the share capital, or to reorganize the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of the such proposal shall be properly explained;

(5) disclosing the nature and degree of the material interest of any director, supervisor, manager and other senior management member in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, manager and other senior management member as a shareholder is different from that on other holders of the same class of shares, the difference shall be specified;

(6) setting out the full text of any special resolution proposed to be approved at the meeting;

(7) containing a prominent written statement that all shareholders are entitled to attend general meeting and a shareholder eligible for attending and voting is entitled to appoint in writing one or more proxies to attend and vote on his behalf and that a proxy need not be a shareholder;

(8) specifying the delivery time and place of the authorization letter for proxy voting of the meeting;

(9) specifying the date of equity registration of shareholders entitled to attend the general meeting;

(10) specifying the name and phone number of the regular contact person for the meeting.

If a general meeting for domestic shareholders adopts voting by internet or other means, the voting time and methods for voting by internet or other means and the matters to be voted on should be clearly stated in the notice of a general meeting. The starting time of voting by internet and other means shall not be earlier than 3:00 pm of the day before the meeting and shall not be later than 9:30 am of the meeting day. The closing time of voting by internet and other means shall not be earlier than 3:00 pm of the meeting day.

In respect of holder of domestic shares, the period between the record date and the date for the meeting shall not be more than 7 working days and less than 2 trading days. In respect of the holders of overseas-listed foreign shares, the record date shall be the date 30 days prior to the date of the meeting.

No changes shall be made once the record date is confirmed.

Article 72 Where the elections of directors and supervisors are to be discussed, a notice of the general meeting of shareholders shall fully disclose the particulars of the candidates for directors and supervisors and shall at least include the following contents:

(1) personal particulars such as educational background, working experience and part-time jobs;

(2) whether or not the candidate has any connected relationship with the Company or its controlling shareholders and de facto controllers;

(3) disclose the number of shares of the Company held by the candidate;

(4) whether or not the candidate has been subject to penalties by the China Securities Regulatory Commission and other relevant authorities as well as sanctions by any stock exchange.

Save for election of directors and supervisors by accumulative voting system, each nominee for director and supervisor shall be proposed in separate resolution.

Article 73 Unless otherwise required by the laws, regulations and listing rule of the place of listing of the Company or this Articles of Association, the notice of the general meeting shall be served on all shareholders (whether or not such shareholder is entitled to vote at the general meeting) by personal delivery or by pre-paid mail. The address of the recipient shall be the registered address as shown in the register of shareholders.

For holders of domestic shares, notice of general meeting may also be made in the form of announcement. Notice of general meeting may be made in the form of announcement which shall be published on the website of Shanghai Stock Exchange and in one or more newspapers designated by the securities authority of the State Council no less than forty-five (45) days prior to the date of the meeting; all holders of the domestic shares shall be deemed to have received the notice of the relevant general meeting upon the publication of announcement.

For holders of foreign shares, notice of general meeting may also be made in the form of announcement which shall be published on websites or in other electronic means designated by the Company and the Stock Exchange of Hong Kong Limited no less than forty-five (45) days prior to the date of the meeting.

Article 74 Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 75 The Board of the Company and other conveners shall take necessary measures to safeguard the proper order of the general meeting. The Board shall take measures to stop and report in a timely manner to the relevant departments for investigation of any acts disturbing the general meeting, stirring up fights and causing troubles, or infringing upon shareholders' legal rights and interests.

Article 76 Any shareholder whose name appears on the register on the record day or his proxy is entitled to attend and vote at the general meeting in accordance with the laws, regulations and this Articles of Association.

Any shareholder entitled to attend and vote at the general meeting may do so in person or appoint one (1) or several proxies (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf.

Article 77 Individual shareholders attending the meeting in person shall present their personal identity cards or other valid documents or stock account card. Proxies attending the meeting shall present their personal identity cards and the authorization letters from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies

authorized to attend the meeting shall present their personal identity cards or the authorization letter legally issued by the corporate shareholder.

Article 78 The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right of the shareholder to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

If, pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, any shareholder is required to abstain from voting or be restricted to vote for or against only cast a vote in person or by proxy and such shareholders have breached such rules, their votes shall not be counted.

Article 79 The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its director or attorney duly authorized in writing.

The authorization letter issued by shareholders to authorize other persons to attend the general meeting shall clearly state the followings:

- (1) The names of the proxies;
- (2) Whether the proxies have the right to vote;
- (3) Instructions to vote for, against or abstain from voting on each of the items in the agenda of the meeting;
- (4) The signing date and the effective period of the authorization letter;

(5) Signature (or seal) of the shareholders who appoint the proxies.

Article 80 Letters authorizing proxies shall, at least 24 hours before the meeting that requires the votes to be cast or at least 24 hours before the designated voting time, be delivered to the Company's address or any other places specified in the notice convening the meeting. For authorization letters signed by other representatives of the shareholders, the letters authorizing the representative to sign or other documents of authorization shall be notarized. Such notarized authorization letters or other documents of authorization shall, along with the letters authorizing proxies, be placed at the Company's address or any other places specified in the notice convening the meeting.

Should the shareholder be a legal person, it should be represented at the general meeting by its legal representative or persons authorized by the board or other decision-making bodies.

Article 81 Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against each resolution dealing with the businesses to be transacted at the meeting. Such letter of authorization shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

Article 82 Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 83 A registration book for attending the general meeting shall be prepared by the Company. The registration book shall set forth the names of attendees (or the attending units), their identity card numbers, residential address, number of voting shares held or represented, and name of the appointer (or the appointing unit), etc.

Article 84 The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting in person and the total number of their voting shares held.

Article 85 The resolutions of the general meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions put forward in the general meeting shall be adopted by a simple majority of shareholders (including their proxies) with voting rights attending the meeting.

Special resolutions put forward in the general meeting shall be adopted by not less than two-thirds of the shareholders (including their proxies) with voting rights attending the meeting.

The shareholders present at a general meeting shall express one of the following opinions on motions that are put to a vote: consent, opposition or abstention, except that securities registration and settlement institutions, being the nominal holders of shares subject to the Shanghai-Hong Kong stock connect, may express opinions according to the intentions of actual holders. If a ballot is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as 'abstained'.

Article 86 The Company shall, on the condition that the shareholders' meeting is legally and validly held, use all means and methods as far as the conditions permit, give first priority to the use of modern information technology to provide a network voting platforms to domestic shareholders in order to increase participation of public shareholders at general meetings.

Article 87 The Board, independent directors and eligible shareholders are entitled to solicit proxy from shareholders publicly. While soliciting proxy of shareholders, sufficient

disclosure of information such as the specific voting preference shall be made to the shareholders from whom proxy is being solicited. No consideration or other form of actual consideration shall be involved in the solicitation of proxy from shareholders. The Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of proxy.

Article 88 Shareholders (including their proxies) vote at a general meeting in accordance with the number of shares with voting right they represent of which each share shall have one vote.

Article 89 At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after deciding on a show of hands:

(1) the chairman of the meeting;

(2) at least two (2) shareholders entitled to vote or their proxies; or

(3) one (1) or more shareholders (including proxies) individually or jointly holding more than 10% (inclusive) of the voting shares represented by all shareholders present at the meeting.

Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or not, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution at the meeting.

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

Article 90 A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

Article 91 On a poll taken at a meeting, a shareholder (including proxy) entitled to two

or more votes need not cast all his votes in the same way.

Article 92 When the number of votes for and against a resolution is equal, whether the vote is taken by raising hands or by ballot, the chairman of the meeting shall be entitled to a casting vote.

Article 93 The following resolutions shall be adopted as ordinary resolutions at a general meeting:

- (1) working reports of the Board and the supervisory committee;
- (2) profit distribution proposals and plans for making up losses formulated by the Board;
- (3) appointment and removal of directors, supervisors, and determination of their emoluments and mode of payment;
- (4) annual financial budgets, final accounts, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws and administrative regulations or the Articles of Association.

When a resolution is proposed at the shareholders' general meeting with respect to the provision of guarantee for the benefit of a shareholder or a de facto controller by the Company, the shareholder or the shareholder controlled by the de facto controller as mentioned shall abstain from voting. Such resolution requires the approval by more than half of the other shareholders (including proxies) present at the shareholders' general meeting.

Article 94 The following resolutions shall be adopted as special resolutions at a general meeting:

- (1) increase or reduction of share capital and issuance of shares of any class, warrants and

-
- other similar securities of the Company;
- (2) issuance of debentures of the Company;
 - (3) split, merger, dissolution and liquidation of the Company;
 - (4) amendments to the Articles of Association;
 - (5) the major assets purchased or sold by the Company or the guaranteed amount within one year reaching or exceeding 30% of the latest period's audited total assets;
 - (6) share incentive scheme;
 - (7) Adjustment and change to the company's cash dividend policy;
 - (8) other matters approved by ordinary resolution of the general meeting pursuant to the laws, administrative regulations or the Articles of Association which are believed could materially affect the Company and need to be approved by special resolution.

Article 95 Shareholders who request a class meeting shall comply with the following procedures:

- (1) two or more shareholders who together hold 10% (inclusive) or more of the shares carrying the right to vote at the proposed meeting can request the Board to convene an extraordinary general meeting or a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions and resolutions proposed. The Board shall convene the extraordinary meeting or the class meeting as specified in the request as soon as possible. The amount of shareholdings referred to above shall be calculated as at the date of making the request.
- (2) If no notice of convening a general meeting was issued within thirty (30) days after the Board receiving the abovementioned written request(s), the shareholders making the request(s) can convene a meeting by themselves within four (4) months after the Board

receiving the abovementioned written request(s), and the procedures for convening such meeting shall follow the procedures of the shareholders' general meeting convened by the Board as much as possible.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors.

Article 96 When the shareholders' general meeting resolves on a connected transaction of the Company, the connected shareholders shall refrain from voting and the number of voting shares that they represent may not be counted as part of the total number of valid voting shares. Announcement of resolutions of the shareholders' general meeting shall fully disclose the voting of non-connected shareholders.

When material issues affecting the interests of medium and minority investors are considered at the shareholders' general meeting, the votes of medium and minority investors shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner. Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.

Article 97 The list of candidates for director and supervisor shall be proposed to the shareholders' general meeting for voting.

When voting on the election of directors and supervisors, the general meeting may implement accumulative voting system according to these Articles of Association or the resolution of the shareholder's general meeting.

Accumulative voting system referred to in the preceding paragraph means a system whereby each share, at voting to elect directors or supervisors at a general meeting, carries the number of voting rights equivalent to the number of the directors or supervisors to be elected, and a

shareholder may concentrate his voting rights. The Board shall make public to the shareholders the resume and general information of the candidates for directors and supervisors.

Article 98 Other than the accumulative voting system, the shareholders' general meeting will vote on all motions one by one, and for the different motions on the same matter, voting will be proceeded according to the order of the times these motions are put forward. Other than special reasons such as force majeure which results in the interruption of the meeting or makes it impossible to come to resolution, the shareholders' general meeting shall not shelve the motions or withhold the voting on them.

Article 99 The resolutions of the general meeting shall be announced in a timely manner, and the announcement shall indicate the number of shareholders and proxies that attended the meeting, the total number of voting shares and its proportion to the total share capital carrying voting rights of the Company, and the voting method, voting results of each resolution and detailed contents of each resolution passed.

Article 100 Where a proposal has not been adopted or the resolution of any previous shareholders' general meeting has been modified in the current shareholders' general meeting, a special reminder shall be given in the resolution announcement of the shareholders' general meeting.

Article 101 Where the proposals on the election of directors and supervisors have been adopted at the shareholders' general meeting, the new directors and supervisors shall be appointed from the date of the conclusion of the general meeting.

Article 102 Where resolution in relation to cash distribution, bonus issuance or conversion of capital reserve fund to share capital is passed in a general meeting, the Company shall announce implementation proposal thereof within 2 months after the conclusion of the general meeting.

Article 103 The chairman shall preside over the general meeting. In the event of any

inability or failure of the chairman to perform his duties, the vice chairman shall preside over the general meeting; in the event of any inability or failure of the vice chairman to perform his duties, a director jointly elected by more than one half of the directors shall preside over the general meeting.

A general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to, or fails to perform his/her duties, the vice-chairman of the supervisory committee shall preside over the meeting. If the vice-chairman is unable to, or fails to perform his/her duties, a supervisor elected by half or more of the supervisors shall preside over the meeting.

A general meeting convened by the shareholders shall be chaired by a representative proposed by the convener(s).

When 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, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting, a person may be elected at the general meeting to act as the chairman of the meeting.

Article 104 During the general meeting, all of the Company's directors, supervisors and the secretary to the Board shall attend the meeting in person or by an entrusted agent in writing, the managers and other senior management members shall attend as observers. However, if the above-mentioned persons do have valid reasons not to attend, they should submit a leave report to the convener of meeting one working day before the meeting.

Directors, supervisors, senior management members shall offer clarifications and explanations to the inquiries and proposals made by shareholders during the general meeting.

Article 105 The rules of procedures for shareholders' general meetings shall be formulated by the Company, which shall stipulate the procedures for convening the shareholders' general meeting and voting procedures, including notice, registration, consideration and approval

of proposals, voting, vote counting, announcement of voting results, the passing of resolution of the meeting, minutes of the meeting and its signature and announcement thereof, and the principle for the shareholders' general meeting authorizing power to the Board and the content of the authorization which shall be clear and specific.

Article 106 At the annual general meeting, the Board and the supervisory committee shall report to the general meeting their work in the past year. Each independent director shall also report on their work.

Article 107 Prior to voting, the chairman of the general meeting shall announce the number of shareholders and proxies present and the total number of shares with voting rights held by them. The number of shareholders and proxies present and the total number of shares with voting rights held by them shall be that as stated in the registration of the meeting.

Chairman of the meeting shall be responsible for deciding whether a resolution at the general meeting has been passed, whose decision shall be final and conclusive and be announced at the meeting and be recorded in the minutes of the meeting.

Article 108 In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

Article 109 In the event that the votes are counted at the shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting. The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting and valid information regarding the voting circumstances by internet or any other means shall be kept at the address of the Company for 10 years.

Article 110 The convener shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors, supervisors, the secretary to the Board, the convener or his representative and the chairman of the meeting who attend the meeting shall sign on the meeting minutes. The secretary to the Board shall be responsible for taking minutes of the general meetings. The minutes shall record the following information:

- (1) The time, venue, agenda and the name of the convener of the meeting;
- (2) The name of the chairman of the general meeting, and the names of the directors, supervisors, managers and other senior management members who attend or observe in the meeting;
- (3) The number of shares carrying voting rights held respectively by holders of domestic shares (including their proxies), holders of overseas-listed foreign shares (including their proxies), holders of floating shares (including their proxies) and holders of non-floating shares (including their proxies) attending the meeting, and the percentage of the total number of shares of the Company they represent;
- (4) The discussions in respect of each motion, the main points of the speeches and the voting results (which shall include voting circumstances on each resolution by holders of domestic shares, holders of overseas-listed foreign shares, holders of floating shares and holders of non-floating shares);
- (5) The inquiries and proposals raised by shareholders and the corresponding response or explanations;
- (6) The names of the lawyer, counting officer and scrutineer;
- (7) Other details that are required by the Articles of Association to be recorded in the minutes.

Article 111 The convening, voting procedure and consideration of resolution of general

meeting, including notice, registration, consideration of resolution, poll, vote counting, announcement of voting results, forming of meeting resolution, minutes and its signature, announcement, principle for authorizing power to the Board by the general meeting, substance of authorization and other matters not prescribed in this Articles of Association shall be conducted in pursuance to relevant requirements as stipulated in the Company's Procedure at General Meeting, which constitutes Appendix I to this Articles of Association and has the same force and effect as this Articles of Association.

Article 112 Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven (7) days after receipt of reasonable charges.

Article 113 The convener shall ensure that the general meeting is held continuously until final resolutions are reached. In the event that the general meeting is adjourned or resolutions failed to be reached due to force majeure or other special reasons, measures shall be adopted to resume the meeting as soon as possible or the meeting shall be concluded immediately, and an announcement shall be promptly made accordingly. The convener shall also report the same to the local authority of China Securities Regulatory Commission and the stock exchange of the place where the Company is domiciled.

CHAPTER 9 SPECIAL PROCEDURES FOR THE VOTING BY CLASS SHAREHOLDERS

Article 114 Shareholders holding different classes of shares are referred to as "class shareholders". Class shareholders enjoy rights and bear responsibilities according to the requirements of laws, administrative regulations and the Articles of Association of the Company.

Article 115 The Company's proposition to amend or cancel rights of class shareholders is required to be passed as special resolution in general meetings and passed by the general meeting

convened by the class shareholders affected according to the requirements of the Articles 117 to 121 of the Company before actions can be taken.

Article 116 The following circumstances shall be deemed to be a variation or abrogation of the rights of certain class shareholders:

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

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

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

(4) the reduction or removal of the preference right to or the preference right to distribution of assets in liquidation preference attached to shares of such class;

(5) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;

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

(7) the creation of a new class of shares having equal or additional voting rights, distribution rights or other privileges;

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

(9) the issue of rights to subscribe for, or convert into, shares of such class or another class;

(10) the increase in rights or privileges of shares of another class;

(11) the restructuring of the Company which will result in shareholders of different classes bearing a disproportionate burden of such proposed restructuring; and

(12) the variation or abrogation of the provisions of this Chapter.

Article 117 Shareholders of the affected class, whether or not otherwise entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) to (12) of Article 116, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of “interested shareholder(s)” as mentioned in this Article is:

(1) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on the stock exchange according to Article 27, a controlling shareholder within the meaning of Article 51 of these Article of Association;

(2) in the case of a repurchase of shares by an off-market agreement outside of the stock exchange under Article 27 of these Articles of Association, a shareholder to whom the proposed agreement relates; or

(3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of other shareholders of that class.

Article 118 Resolutions of a class meeting shall be passed according to Article 117 by votes representing two-thirds or more of the voting rights of shareholders of that class attending the class meeting who have the right to vote at the meeting.

Article 119 A written notice convening a class meeting shall be given forty-five (45) days before the date of the meeting by announcement or any other manner as required in this Articles of Association (if required), to notify shareholders whose names appear in the register of

shareholders of such class shares of the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve written reply to the Company twenty (20) days prior to the date of the meeting.

If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one-half or more of the Company's total voting shares of that class at the meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days notify the shareholders by announcement of the matters to be transacted at, the place and date for, the meeting again. After making such announcement the class meeting may be convened.

Article 120 Notice of a class meeting shall be served exclusively on shareholders entitled to vote at such meeting.

The procedures for holding a class meeting shall be similar to those for holding a shareholders' general meeting as far as possible. Provisions in the Articles of Associations relating to the procedures for a shareholders' general meeting shall apply to any class meeting.

Article 121 Pursuant to requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, apart from holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares shall be regarded as holders of different classes of shares.

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

(1) any proposed issuance of domestic shares and overseas-listed foreign shares by the Company in every twelve (12) months, whether separately or together, if such proposed issuance of domestic shares and overseas-listed foreign shares are approved by the shareholders in a general meeting by way of special resolution, and the domestic shares and overseas-listed foreign shares proposed to be issued by the Company not exceeding 20% of the shares of such class in issue;

(2) where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities regulatory authority of the State Council.

CHAPTER 10 BOARD OF DIRECTORS

Section 1 Directors And The Board

Article 122 A Board of directors shall be established by the Company. The Board shall comprise eleven (11) directors, with one chairman and one Vice-chairman. If the number of directors is lower than eleven (11) due to dismissal or resignation, the Board may elect other person for the purpose of filling the casual vacancy and propose at a general meeting for approval.

Article 123 Directors shall be elected at shareholders' general meeting. The term of office of the directors shall be three (3) years. Upon maturity of the current term of office, a director shall be eligible to offer himself for re-election and reappointment. Directors shall be elected at a general meeting from persons nominated by the Board or by shareholders representing more than 5% (inclusive) of the issued shares. The period of written notice in relation to intention to nominate candidate for director and in relation to the nominee's acknowledgement of his acceptance of the nomination shall be at least 7 days. The period of delivery of such notices to the Company shall commence from the date after the notice with regard to the meeting for election of directors was despatched at the earliest and expire no later than seven days before the date of the meeting aforesaid. Candidates for directors shall make a written undertaking prior to the notice of shareholders' general meeting, agree to accept the nomination, promise the information about candidates publicly disclosed to be true, accurate and complete, and ensure that directors duties will be effectively performed after being elected.

Save for members of the first session of the Board, election of directors must be passed by more than one-half of shareholders (including their proxies) with voting rights attended the general meeting. Accumulative voting system shall be adopted for the director election at a

general meeting. Implementation particulars of the accumulative voting system shall be as follows: when more than two directors are eligible for election at a general meeting, each share held by shareholders shall have the number of votes equal to that of directors to be elected; shareholders may cast all his votes to one nominee or cast his votes to different nominees; the election of directors shall be determined by ratio of votes in favour of each nominee after the voting.

The chairman and vice chairman shall be elected and dismissed by such numbers of directors exceeding one-half of all the directors, with tenure of office of three (3) years and eligible for re-election.

Subject to relevant laws and administrative regulations, directors may be dismissed prior to the expiration of his term of office by ordinary resolution at general meeting under proper reason, without prejudice to any claim being made pursuant to any contract.

The term of office of directors shall commence from the date of appointment up to the expiry of the current term of office of the Board. Directors shall not be dismissed by shareholders at general meeting prior to the end of his term of office without proper reason. In the event that the terms of directors fall upon expiry whereas new members of the Board are not re-elected in time, the existing directors shall continue to perform their duties in accordance with the law, administrative regulations, departmental rules and these Articles of Association until the newly elected directors assume their office.

Directors may concurrently serve as general manager or other senior management member, provided that the aggregate number of the directors who concurrently serve as general manager or other senior management members and the directors who are representatives of employees shall not exceed one half of all the directors of the Company.

The directors of the Company shall not be required to hold shares of the Company.

The directors shall comply with the laws, administrative regulations and the Articles of Association of the Company and shall perform duties to the Company as follows:

(i) not to abuse his position to accept bribes or other illegal income or appropriate the properties of the Company;

(ii) not to appropriate the capital of the Company;

(iii) not to set up accounts in his own name or in any other name to deposit any of the assets or capital of the Company;

(iv) not to lend the funds of the Company to any other person or use the property of the Company to provide guarantee for any other person without the consent of the general meeting or the Board in contravention of provision of the Articles of Association of the Company;

(v) not to enter into contracts or carry out transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting;

(vi) not to, without the consent of the general meeting, abuse his position to appropriate the business opportunities for himself or other persons which should otherwise belong to the Company, or operate businesses similar to those of the Company for himself or other persons;

(vii) not to misappropriate the commission obtained from transactions entered into by the Company;

(viii) not to disclose confidential information of the Company without permission;

(ix) not to use his connected relations with the Company to prejudice the interests of the Company;

(x) other duties as required by the laws, administrative regulations, departmental rules or the Articles of Association of the Company.

Any incomes obtained by directors in violation of any provisions of this Article shall belong to the Company. The director shall be accountable to indemnify the Company against any losses incurred.

The Directors shall comply with the laws, administrative regulations and the Articles of Association of the Company and shall perform their diligent duties to the Company as follows:

(i) to exercise the rights conferred by the Company in a cautious, thoughtful and diligent manner so as to ensure the commercial behaviors of the Company comply with the laws, administrative regulations and economic policies of the PRC, and the commercial activities shall not go beyond the scope of business stipulated in the business license;

(ii) to treat all shareholders fairly;

(iii) to keep informed of the operation and management position of the Company on a timely basis;

(iv) to sign the regular reports of the Company for confirmation of their comments to ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;

(v) to provide information and data to the Supervisory Committee, and not to interfere with the Supervisory Committee or supervisors in their exercise of powers;

(vi) other diligent duties as required by the laws, administrative regulations, departmental rules or the Articles of Association of the Company.

Article 124 A director will be deemed to have failed to perform his duties if he fails to attend the meetings of the Board in person twice consecutively and has not appointed other directors to attend the meetings on his behalf. The Board shall make recommendations to the shareholders' general meeting to replace such director.

Article 125 Directors may resign before expiry of their term of office. The directors who resign shall submit to the Board a written report in relation to their resignation. The relevant information shall be disclosed within two (2) days by the Board.

In the event that the resignation of any director during his term of office results in the number of members of the Board being less than the statutory minimum requirement, the existing

directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected directors assume their office.

Save for the circumstances referred to in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation report to the Board.

Article 126 Upon resignation taking effect or expiration of his term of office, a director shall complete his hand-over procedures with the Board. The fiduciary duties of a director to the Company and the shareholders do not necessarily cease before the resignation has come into effect or within a reasonable time after the resignation has taken effect, or within a reasonable time after the end of his tenure of office; where his obligation of confidentiality of the Company's secret shall remain in force after his tenure of office until such secret comes into the public domain. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 127 No directors shall act in their personal capacity on behalf of the Company or the Board beyond provisions of the Articles of Association or without appropriate authorization by the Board. The director shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasons to believe that the said director is acting on behalf of the Company or the Board.

Article 128 The Board shall report to the shareholders' general meeting and exercise the following powers:

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;

-
- (4) to formulate the Company's plans on annual financial budgets and final budgetary report;
 - (5) to formulate the Company's profit distribution plans and plans on making up losses;
 - (6) to formulate proposals for increase or decrease of the registered capital of the Company and issue of bonds of the Company;
 - (7) to formulate plans for major acquisitions, purchase of shares of the Company or plans for merger, split, dissolution or alteration of corporate form of the Company;
 - (8) to determine the establishment of the Company's internal management structure;
 - (9) to appoint or remove the manager and the secretary to the Board; to appoint or remove the deputy manager, chief financial officer and other senior management of the Company based on the nomination by the manager and to decide on their remunerations and rewards and penalties;
 - (10) to formulate the basic management system of the Company;
 - (11) to formulate proposals for amendment to the Articles of Association;
 - (12) to determine external investments, purchases and sales of assets, pledge of assets, external guarantees, entrusted asset management and connected transactions of the Company within the scope of the authority granted by shareholders' general meeting;
 - (13) to manage information disclosure of the Company;
 - (14) to propose the appointment or removal of the Company's auditors to the shareholders' general meeting;
 - (15) to receive the work report and inspect the work of the manager of the Company;
 - (16) to formulate employee shares scheme and equity incentive plan;

(17) Pursuant to the authorization of shareholders' general meeting, consider the purchase of shares of the Company for the reasons of paragraph (3), (5) and (6) of Article 26 of the Articles of Association;

(18) to exercise any other powers specified in the Articles of Association or authorized by shareholders at general meeting.

Except for the Board resolutions in respect of the matters specified in paragraphs (6), (7) and (11), (16) of this Article which shall be passed by more than two-thirds of the directors, the Board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the directors.

When the Board decides on major issues of the Company, it should listen to the opinions of the Company's Party organization in advance.

Article 129 The Board shall explain to the shareholders' general meeting for any non-standardized audit opinion on the financial report of the Company prepared by a registered accountant.

Article 130 The Board shall formulate Board meeting procedures to ensure the implementation of resolutions passed in general meeting and to enhance work efficiency and secure well-founded decisions.

The Board meeting procedures shall stipulate convening and voting procedure of the meeting.

Article 131 In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with the value of fixed assets disposed within four (4) month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the Board shall not dispose of or consent to dispose of such fixed assets without prior approval by the shareholders' general meeting.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the preceding paragraph of this Article by the Company.

The term “fixed assets disposal” referred to in this Article represents (among others) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

The Board shall determine power of external investment, purchase and sale of assets, pledge of assets, external guarantee, entrusted assets management and connected transaction and establish strict examination and determination decision pursuant to relevant laws, regulations and listing rules of Hong Kong and Shanghai stock exchange; significant investment project shall be examined by relevant experts and professionals retained for the purpose thereof and propose to shareholders at a general meeting for approval.

Article 132 The Board have the power to approve fixed assets investment in normal production operation and technical transformation and external investment proposal with an amount representing less than 30% of the latest audited net assets of the Company. Investment proposal with an amount exceeding 30% of the latest audited net assets of the Company shall be examined by relevant experts and professionals should be retained for the purpose thereof and propose to shareholders at a general meeting for approval.

Any external investment involving connected transaction shall be subject to requirements of Rules Governing the Listing of Stocks on the Shanghai stock exchange, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and relevant laws and regulations in relation to report and approval of connected transaction.

The external investment referred to in this Article include investment in shareholdings, acquisition of assets, wealth management agency and investment in securities.

Article 133 The chairman of the Board shall exercise the following powers:

(1) to preside over shareholders’ general meetings and to convene and preside over Board

meetings;

- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign financing agreement together with relevant security and guarantee contract which occur in normal operation activities, except for significant financing agreement, which shall be jointly signed with another director;
- (5) to exercise other powers conferred by the Board.

The Company's vice chairman shall assist the chairman in work. If the chairman is unable to or does not perform his duties, the vice chairman shall perform the duties of the chairman; where the vice-chairman is unable to or does not perform his duties, a director jointly elected by not less than half of the members of the Board shall perform the duties.

Article 134 Regular meetings of the Board shall be held at least twice every year and shall be convened by the chairman of the Board. Directors shall be notified about the meeting ten (10) days in advance by way of telex, telegraph, express post, registered mail, email or by person; in case of emergency, extraordinary meeting may be convened when proposed by more than one-third (inclusive) of directors or managers of the Company.

In principle, Board meeting shall be held at the address of the Company. However, Board meeting may be held in other places in and outside China through Board resolution.

Article 135 In order to convene an extraordinary Board meeting, all directors shall be notified at least 8 hours before through telephone, telegraph or facsimile.

Extraordinary Board meetings may be convened when proposed by the shareholders representing not less than 10% of the voting rights, not less than one-third of the directors, supervisory committee or managers of the Company. The chairman of the Board shall convene and chair the Board meeting within ten (10) days after the proposal is received.

Article 136 The Board meeting shall be held with the presence of more than half of the directors. Each director shall have one vote when voting on a Board resolution. Resolutions of the Board shall be passed by more than half of all directors. In the case of equal votes in favour of and against the resolution, the chairman of the Board shall have a casting vote.

If a director or his associate (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) is materially interested in any contract or arrangement, such director shall, unless otherwise exempted by relevant listing rules, laws and regulations of Hong Kong and China, abstain from voting in Board meeting resolution approving such contract or arrangement, and shall not exercise voting right on behalf of any other director, nor be counted in the quorum of the Board meeting under this paragraph. Such Board meeting shall proceed with attendance by the simple majority of non-interested directors and such resolution shall be passed by the simple majority of non-interested directors. In case less than 3 non-interested directors attend the meeting, such matter shall be proposed at general meeting for approval.

Article 137 Notice shall be in Chinese, and shall contain information of the meeting including agenda, time, venue, duration, subject, transaction and the date of the notice.

A director attending the meeting does not raise his non-receipt of notice of the meeting prior to or at the meeting shall be deemed as having received such notice.

Article 138 Ordinary or extraordinary Board meeting may be held by telephone conference or by similar communication equipment in so far as attending directors are able to hear clearly other directors' speech and to exchange. In such case all attending directors shall be deemed as having attended the meeting in person.

Article 139 A written resolution may be made in lieu of a Board meeting, provided that the draft of such resolution shall be delivered to each director by post, telegraph, facsimile or designated person and such resolution shall be passed by the signing for approval of more than two-thirds of directors and be delivered to the secretary to the Board in any manner

aforementioned.

Article 140 Directors shall attend Board meetings in person. Where a director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another director to attend the meeting on his behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and validity of the time limit of the proxy, which shall be signed or officially sealed by the authorizing party.

A director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a particular board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Independent directors may not entrust non-independent directors to attend board meeting on their behalf.

Article 141 The Board shall keep minutes of resolutions passed at Board meetings. The minutes shall be signed by the directors present at and the person who take minutes of the meeting. The directors shall be liable for the resolutions of the Board meeting. If a resolution of the Board meeting violates the laws, administrative regulations or the Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

Article 142 The minutes of Board meetings shall be kept as Company filings for record for a minimum period of ten (10) years. The minutes of Board meetings shall include the following:

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

-
- (2) the names of attending directors and directors appointed as proxies to attend the meeting;
 - (3) the agenda of the meeting;
 - (4) the main points of speech of each director during the meeting;
 - (5) the voting method and results of each resolution (the number of affirmative, negative and abstention votes shall be specifically indicated).

Article 143 All minutes of Board meetings shall be recorded and kept in Chinese. Following each Board meeting, the minutes thereof shall be circulated among directors for examination and signing as soon as possible. Any amendment to the minutes proposed by director shall be reported to the chairman in writing within 6 business days after receipt of such minutes.

Article 144 Board meeting procedures of the Company, as attached as Appendix II of this Articles of Association, shall have the same effect as this Articles of Association.

Article 145 Resolution of Board meeting shall be signed by the chairman and all directors (including their proxies) and the secretary to the Board of the Company and integral copies thereof shall be prepared and distributed to each director forthwith.

Section 2 Independent Directors

Article 146 An independent director is a director who, other than a member of the special committee of the Board, does not serve in other position in the Company and does not have any relationship with the Company and any of its substantial shareholder which may hinder his forming of any independent and objective judgment.

Article 147 The Company shall have independent directors, who shall represent not less than one-third of the Board and at least one of them shall be an accounting professional with senior title or qualification of certified accountant.

Article 148 Independent directors shall be liable to fiduciary and diligence duties to the

Company and all shareholders. Independent directors shall perform their duties faithfully and safeguard the interests of the Company in accordance with relevant laws, regulations and this Articles of Association, and in particular ensure that the lawful interests of public shareholders are not undermined.

Independent directors shall discharge their duties independently and shall not be influenced by the Company's substantial shareholders, controller de facto or other persons or units which have relationship with the Company and shall ensure that they have sufficient time and energy to discharge their duties effectively.

Performance evaluation of independent directors is conducted by self-evaluation and mutual evaluation.

Article 149 Nomination, election and replacement of independent directors shall be as follows:

- (1) The Board, the supervisory committee of the Company and shareholders representing individually or jointly more than 1% of shares of the Company in issue may nominate for independent directors for the purpose of election at general meeting.
- (2) Persons intend to nominate an independent director shall obtain the consent of the intended nominee therefor prior to his nomination. The nominator shall have full knowledge of the nominee's general information such as profession, educational background, professional title, detailed working experience and all other posts he or she concurrently holds, and give opinion on the nominee's qualifications and the independence required as an independent director. The nominee shall make a statement that he has no relationship with the Company that may affect his independent objective judgment, which statement shall be made public by the Company.
- (3) Independent directors shall have the same term of office as other directors of the Company and shall be eligible for re-election and re-appointment upon expiry,

provided that the office shall not be longer than 6 years. An independent director shall not be dismissed without proper reason during his term. In case dismissed during his term, it shall be disclosed as a special disclosure of the Company.

- (4) Independent directors may resign before the end of their term. The independent director resigning shall submit to the Board a resignation report in writing which contains explanation on any matter relevant to his resignation or matter must be brought to the attention of shareholders and creditors of the Company.

If the resignation of an independent director causes the proportion of independent directors in the board of the Company to fall below the minimum statutory requirements, the resignation of this independent director shall be effective only after the succeeding independent director has filled his vacancy.

Article 150 If the independent directors fail to meet the requirements for independence or being not appropriate to perform the duties of independent directors or resign, and as a result, the number of independent directors of the Company falls below the number required hereunder, the deficiency of director shall be filled in accordance with Article 123 of this Articles of Association.

Article 151 Independent directors shall express their independent opinion on significant matters to the Company, including:

- (1) Nomination, appointment and dismissal of directors;
- (2) Engagement and dismissal of senior management members;
- (3) Remuneration of directors and senior management members of the Company;
- (4) Any existing or new loan borrowed from the Company by or other funds transfer made by the Company's shareholders, actual controllers or affiliated enterprises with an amount in total more than RMB3 million or more than 5% of the latest audited net asset value of the Company, and whether the Company has taken effective measures to

collect the amount due;

- (5) Matter which may undermine the interests of the minority shareholders;
- (6) Other matters as prescribe under the Articles of Association.

Article 152 Material connected transaction and engagement and dismissal of accountant firm shall be approved by more than one-half of independent directors before being submitted to the Board for discussion. Proposal of convening extraordinary general meeting and Board meeting and solicitation of proxies before the convening of general meeting shall be approved by more than one-half of independent directors. With consent of all independent directors, independent directors may engage external auditing institutions and consultancy to audit and to advise on specific matters of the Company, and relevant fee shall be borne by the Company.

Article 153 Independent directors shall give one of the following opinions on matters as described in Article 151 and Article 152:

- (1) Consent opinion;
- (2) Qualified opinion with reason thereof;
- (3) Negative opinion with reason thereof;
- (4) Unable to give opinion and the hindrance thereof.

Article 154 The Company shall formulate system of work of independent directors and the secretary to the Board shall assist in performance of duties by independent directors. The Company shall ensure that independent directors enjoy the same right to information as other directors, and timely provide relevant material and information to independent directors and regularly inform them operating situation of the Company; when necessary, the Company shall organize independent directors for on-site inspection.

Article 155 The Company shall provide independent directors with operation condition

necessary for them to perform their duties. The secretary to the Board shall provide assistance to independent directors for performing their duties. Such assistance includes without limitation briefing and providing materials. Fee incurred by independent directors in engaging intermediaries and exercising their power shall be borne by the Company.

Article 156 The Company shall provide independent directors with allowance, the standard of which shall be drafted by the Board, then proposed at general meeting for approval and disclosed in annual report of the Company.

The independent directors shall not receive any extra non-disclosed benefits from the Company, its major shareholders, or other interested entities and individuals other than the above-mentioned allowance.

Section 3 Special Board Committee

Article 157 The Board of the Company shall, in accordance with resolution of general meeting, establish certain special committees. Members of the special committees shall all be directors, of which for the audit committee, the nomination committee, and the remuneration and appraisal committee, independent directors shall be the majority and serve as the convener. The convener of the audit committee shall be the accounting professional.

Article 158 Special committee may engage intermediaries for professional advice, fee thereof shall be borne by the Company.

Article 159 The special committees under the Board shall report to the Board and proposals thereby shall be examined and decided on by the Board.

Article 160 Main duties of special committees under the Board shall be performed in accordance with relevant requirements of Code of Corporate Governance for Listed Companies in China.

CHAPTER 11 SECRETARY TO THE BOARD

Article 161 The Company shall have a secretary to the Board, who shall be a senior management member of the Company.

Article 162 Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His primary duties include:

- (1) to ensure that the Company has complete constitutional documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the law;
- (3) to ensure that the Company's register of shareholders is properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (4) to be responsible for information disclosure of the Company, including establishment of information disclosure system, visitor reception, answering inquiry, contact with shareholders and provision of openly disclosed information of the Company to investors.
- (5) to be responsible for management work in relation to investor relationship;
- (6) to proactively assist in performance of duties by independent directors.

Article 163 Directors or other senior management members of the Company may concurrently hold the post of the secretary to the Board.

Where the office of the secretary to the Board is held concurrently by a director, and an act is required to be done by a director and the secretary to the Board separately, the person who holds the office of director and secretary to the Board of the Company may not perform the work in dual

capacity.

CHAPTER 12 MANAGER OF THE COMPANY

Article 164 The Company shall have one manager, who shall be appointed and dismissed by the Board. The manager shall have tenure of office of three (3) years and shall be eligible for re-appointment.

The manager may resign prior to the expiration of his term of office. The specific procedures and formalities of the said resignation shall be provided for in the employment contract between the manager and the Company.

Article 165 The manager of the Company shall be accountable to the Board and exercise the following powers:

- (1) to lead the Company's production, operation and management, organize resources to carry out the Board's resolutions, and report to the Board;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to formulate the Company's basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy manager and chief financial officer;
- (7) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;
- (8) to exercise other powers conferred by the Articles of Association and the Board.

Article 166 The manager may attend Board meeting. The manager of the Company who is not a director shall have no voting rights at Board meeting.

Article 167 The manager in performing his function shall act honestly and diligently and in accordance with the laws, administrative regulations, the Articles of Association and the Company's work rules for the general manager. In case the general manager violates any of the laws, regulations or the Articles of Association and causes losses to the Company, the Board should take legal actions.

CHAPTER 13 SUPERVISORY COMMITTEE

Article 168 The Company shall have a supervisory committee.

Article 169 Supervisory committee shall comprise five (5) supervisors of which one (1) is chairman of the supervisory committee. Supervisors shall have tenure of office for three (3) years and shall be eligible for re-election and re-appointment. The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by not less than two-thirds of its members.

In the event that the terms of office of supervisors fall upon expiration whereas new members of the supervisory committee are not elected in time, or the resignation of any supervisor during his term of office results in the number of members of the supervisory committee falling below the statutory minimum requirement, the said supervisors shall continue to perform their duties in accordance with the laws, administrative regulations and the Articles of Association until the newly elected supervisors assume their office.

Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete. The supervisors shall observe the laws, administrative regulations and these Articles of Association and owe fiduciary and diligence duties to the Company. Supervisor shall not accept bribe or other illegal income by using their power or infringing the property of the Company.

The supervisors shall not use their relationship to prejudice the Company's interests and shall be liable for indemnity to any loss caused to the Company.

Any supervisor who violates any laws, administrative regulations, departmental rules or the Articles of Association during the course of performing his duties and causes losses to the Company shall be liable for making compensation for any loss caused to the Company.

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

Article 170 The supervisory committee is made up of representatives of the shareholders and two representatives of the Company's staff and workers. The supervisors who are the representatives of shareholders shall be elected at general meeting from nominees nominated by supervisory committee or shareholders representing more than 5% (inclusive) of shares in issue. Written notice of the intention to nominate nominee for supervisor and that of the acknowledgement of acceptance of the nomination from the nominee shall be delivered to the Company 7 days before the general meeting.

Election of supervisor shall be passed by shareholders (including their proxies) attending the general meeting representing more than half of the voting rights.

Subject to requirements of relevant laws and administrative regulations, supervisors may be dismissed prior to the expiration of his term of office by ordinary resolution at general meeting, without prejudice to any claim being made pursuant to any contract, provided that the dismissal shall be accompanied with proper reason. Representatives of the Company's staff and workers in the supervisory committee shall be democratically elected and dismissed by the Company's staff.

Article 171 The directors, general manager and other senior management members of the Company shall not assume the position of supervisors.

Article 172 Supervisory committee shall hold meeting at least twice every year, which shall be convened by the chairman of the committee. Notice of meeting in writing shall be

delivered to each supervisor 10 days before the meeting, and shall contain the date, venue, duration, subject and agenda of the meeting and the date of the meeting. If for any reason the meeting is unable to be convened as notified, an announcement shall be made for explanation.

Article 173 The supervisory committee shall be accountable to the shareholders and exercise the following powers:

- (1) to examine the Company's financial affairs;
- (2) to monitor the directors, manager and other senior management members in performing their duties to the Company and to propose dismissal of directors and senior management members who violate any laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meetings;
- (3) to demand rectification from a director, manager and any other senior management members of the Company when the acts of such persons are harmful to the interests of the Company;
- (4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, may engage, in the name of the Company, certified public accountants and practicing auditors to conduct re-examination;
- (5) to propose the convening of a shareholders' extraordinary general meeting and to convene and preside over the general meeting when the Board fails to perform such duties under the Company Law;
- (6) to deal with or commence actions against directors and senior management members on behalf of the Company;
- (7) to examine and present written examination opinion on regular report of the Company

prepared by the Board;

- (8) to put forward proposals to the shareholders' general meeting;
- (9) to conduct investigations if unusual conditions of operation of the Company arises and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations at the expense of the Company;
- (10) to exercise other powers specified under the Articles of Association.

Supervisor shall attend Board meeting and raise inquiry or suggestion on resolution of the Board.

Article 174 Resolutions of supervisory committee meeting shall be passed by more than two-thirds (inclusive) of all supervisory committee members.

Article 175 The supervisory committee shall formulate the regular rules of procedures so as to ensure the work efficiency and scientific decision-making of the supervisory committee.

The rules of procedures shall at least contain the manners of meeting convening, notice, meeting procedures, voting procedures and minutes of the meeting.

Article 176 Minutes shall be prepared for the supervisory meeting, on which the supervisors present at the meeting and the person responsible to record shall sign. Each supervisor is entitled to request that his statements made with elaborations at the meeting be noted in the minutes. The minutes of supervisory committee meetings shall be duly kept as Company filings for record for ten (10) years.

Article 177 The notice of supervisory committee meetings shall contain the followings:

- (1) the date, venue and duration of the meeting;
- (2) the subject and agenda;

(3) the date the notice was issued.

Article 178 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or certified auditors as are required by the supervisory committee in discharging its duties shall be borne by the Company.

Article 179 A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

Article 180 The Company's Rules of Procedures of the supervisory committee has been attached as Appendix III of this Articles of Association and shall have the same effect as this Articles of Association.

CHAPTER 14 QUALIFICATION AND OBLIGATION OF DIRECTORS, SUPERVISORS, MANAGERS AND OTHER SENIOR MANAGEMENT OF THE COMPANY

Article 181 A person may not serve as a director, supervisor, manager, or any other senior management member of the Company if any of the following circumstances applies:

(1) a person without legal or with restricted civil capacity;

(2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;

(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation due to poor operation and management and he is personally liable for the insolvency of such company or enterprise, where less than three (3)

years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

(4) a person who is a former legal representative of a company or enterprise which had its business licence revoked due to a violation of the law and who incurred personal liability, where less than three (3) years have elapsed since the date of the revocation of the business licence;

(5) a person who has a relatively large amount of debts due and outstanding;

(6) a person who is under criminal investigation by the judicial body for violation of the criminal law where the said investigation is not yet concluded;

(7) a person who is not eligible for enterprise leadership according to the laws and administrative regulations;

(8) a non-natural person;

(9) a person convicted of contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of the conviction;

(10) any other circumstances as prescribed by the laws, administrative regulations and departmental rules.

Article 182 The validity of an act of a director, manager and any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Article 183 In addition to obligations imposed by the laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's directors, supervisors, managers and other senior management members owes the following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

(1) not to cause the Company to exceed the scope of business stipulated in its business licence;

(2) to act honestly in the best interests of the Company;

(3) not to expropriate in any manner the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;

(4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

Article 184 Each of the Company's directors, supervisors, managers and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 185 Each of the Company's directors, supervisors, managers and other senior management members shall exercise his powers or carry out his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. Such principle includes (without limitation) discharging the following obligations:

(1) to act honestly in the best interests of the Company;

(2) to exercise powers within the scope of his authorities and not to exceed those authorities;

(3) to exercise the discretion vested in him personally and not to allow himself to act under the control of others and, unless and to the extent permitted by the laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;

(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;

(6) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit by any means;

(7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;

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

(9) to abide by the Articles of Association, faithfully execute his duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;

(10) not to compete with the Company in any form unless with the informed consent of shareholders given in general meeting;

(11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide guarantee for the debts of any shareholder(s) of the Company or other individual(s) with the Company's assets;

(12) when disclosing the information of the Company, it shall follow the principles of truthfulness, accuracy, completeness, timeliness and fairness. Relevant directors, supervisors and senior management personnel shall also abide by the Company's behavioral norms for information release.

(13) unless otherwise permitted by informed shareholders in general meeting, to keep in

confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. disclosure is made pursuant to law;
2. the interests of the public require disclosure;
3. the interests of the relevant director, supervisor, manager and other senior management member require disclosure.

Article 186 Each director, supervisor, manager and other senior management member of the Company shall not cause the following persons or institutions (“associates”) to do what he is prohibited from doing:

(1) the spouse or minor child of that director, supervisor, manager and other senior management member;

(2) a person acting in the capacity of trustee of that director, supervisor, manager and other senior management member or any person referred to in paragraph (1) of this Article;

(3) a person acting in the capacity of partner of that director, supervisor, manager and other senior management member or any person referred to in paragraphs (1) and (2) of this Article;

(4) a company in which that director, supervisor, manager and other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other directors, supervisors, managers and other senior management members of the Company have a de facto controlling interest; and

(5) the directors, supervisors, managers and other senior management members of the controlled company referred to in paragraph (4) of this Article.

Article 187 The fiduciary duties of the directors, supervisors, managers and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 188 Except for circumstances prescribed in Article 52 of the Articles of Association, a director, supervisor, manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

The Company shall, in strict accordance with the signed labor contracts, provide compensation to directors, supervisors and senior management personnel who have been dismissed in advance due to the Company's reasons. The compensation shall be in accordance with the principle of fairness, shall not damage the legitimate rights and interests of the Company, and shall not carry out interests transfer.

Article 189 Where a director, supervisor, manager and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his service contract with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

Unless the interested director, supervisor, manager and other senior management member discloses his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting at which the interested director, supervisor, manager and other senior management member is not counted towards the quorum and refrains from voting, the contract, transaction or arrangement in which that director, supervisor,

manager and other senior management member is materially interested is subject to revocation at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, manager and other senior management member. A director, supervisor, manager and other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

Article 190 Where a director, supervisor, manager and other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 191 The Company shall not in any manner pay taxes for or on behalf of its directors, supervisors, managers and other senior management members.

Article 192 The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a director, supervisor, manager and other senior management member of the Company or of the Company's parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

(1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;

(2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its directors, supervisors, managers and other senior

management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and

(3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, managers and other senior management members or their respective associates on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 193 A loan made by the Company in breach of Article 192 shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 194 A loan guarantee provided by the Company in breach of paragraph (1) of Article 192 shall be compulsorily enforceable against the Company, except that:

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

Article 195 For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 196 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, manager and other senior management member of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the director, supervisor, manager and other senior management member in compensation for losses sustained by the Company as a result of such breach;

(2) rescind any contract or transaction entered into by the Company with the director, supervisor, manager and other senior management member or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, manager and other senior management member);

(3) demand the director, supervisor, manager and other senior management member to surrender the profits made by him in breach of his duties;

(4) recover any monies received by the director, supervisor, manager and other senior management member which should have been otherwise received by the Company, including (without limitation) commissions; and

(5) demand payment of the interest earned or which may have been earned by the director, supervisor, manager and other senior management member on the monies that should have been paid to the Company.

Article 197 The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated, including;

(1) emoluments in respect of his service as director, supervisor or senior management member of the Company;

(2) emoluments in respect of his service as director, supervisor or senior management member of any subsidiary of the Company;

(3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;

(4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may

be brought by a director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

Article 198 The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to above means:

(1) a takeover offer made by any person to all shareholders; or

(2) an offer made by any person with a view of the offeror becoming a “controlling shareholder” within the meaning of Article 51.

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

Article 199 With approval from shareholders at general meeting, the Company may buy liability insurance for directors, supervisors, managers and other senior management members of the Company, except for liability incurred from breach of the laws, administrative regulations and this Articles of Association.

Article 200 A person who serves a function in the controlling shareholder and de facto controlling person of the Company other than as director shall not be eligible to assume a senior management position of the Company.

Article 201 Any senior management who violates any law, administrative regulations, departmental rules or the Articles of Association during the course of performing his duties and causes losses to the Company shall be liable for compensation.

CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEM

Article 202 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 203 The Company shall prepare a financial report upon expiration of each financial year and submit it for examination and verification in accordance to law.

Article 204 The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by local government and competent department to be prepared by the Company.

Article 205 The Company shall deposit its financial reports at the Company for inspection by the shareholders at least twenty (20) days before the convening of the annual general meeting. Each shareholder of the Company is entitled to obtain the financial reports mentioned in this Chapter.

The Company shall send the aforesaid report to each holder of overseas-listed foreign shares by pre-paid mail at least twenty-one (21) days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the register of shareholders.

Article 206 The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.

Article 207 The results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations.

Article 208 The Company shall publish four financial reports for each financial year,

namely to issue a first-quarterly financial report within the 30 days after the end of the first three months of a financial year, to issue an interim financial report within 60 days after the end of the first six months of a financial year, to issue the third-quarterly financial report within 30 days after the end of the first nine months of a financial year, and to issue an annual financial report within 120 days after the end of a financial year.

Article 209 The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be held in any account in any individual's name.

CHAPTER 16 PROFIT DISTRIBUTION

Article 210 Profits of the Company after income tax shall be distributed in the following order:

- (1) To make up loss in undistributed profits;
- (2) To credit to statutory reserves;
- (3) Shall there be preference shares, to pay the dividends of preference shares;
- (4) To credit to discretionary reserve based on the resolution of the general meeting;
- (5) To pay dividend of ordinary shares.

The proportion of amount credited in accordance with item 5 of this Article shall be proposed by the Board to annual general meeting for approval.

In the event that a distribution of profit to shareholders pass at general meeting is in violation of the first item of this Article and is made before making up for loss and crediting into statutory reserves, the profits distributed in violation shall be returned to the Company.

Article 211 Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium over their par value; and

(2) any other income required to be included in the capital reserve fund by the competent finance department of the State Council.

Article 212 The reserve funds of the Company shall be used for making up losses, expansion of the Company's production and operation and increasing the capital of the Company.

The Company may convert its reserve funds into capital upon a resolution adopted in shareholders' general meeting and issue new shares to existing shareholders in proportion to their respective shareholdings or increase the nominal value of shares, provided, however, that when the statutory reserve fund is converted into capital, the balance of the statutory reserve fund shall not fall below 25% of the Company's registered capital.

Article 213 The Company shall distribute annual dividends within two months after the profit distribution plan has been resolved at shareholders' general meeting. No profit shall be distributed before making up losses and crediting into the Company's statutory reserve fund.

Article 214 Unless otherwise resolved at general meeting, shareholders at general meeting may authorize the Board to distribute interim dividend. The laws and regulations also require that the amount of interim dividend shall not exceed 50% of the distributable profits stated in the Company's interim income statement.

Article 215 The Company's profit distribution policy shall be:

(1) Profit distribution principle

The company shall implement a continuous and stable profit distribution policy and the profit distribution of the Company shall be made in accordance with the statutory sequence of distribution. It attaches importance to reasonable and stable investment return for its shareholders and bases on the Company's long-term and sustainable development. In principle, the Company shall distribute its distributable profit on a yearly basis and it can also declare interim dividend.

(2) Ways of profit distribution

The Company may distribute its dividend by ways of cash, shares or the combination of both, with dividend distribution in cash taking priority. In distributing profits by means of shares, the Company should adequately consider true and reasonable factors such as growth, dilution to net assets per share, etc. The distribution of profits shall not exceed the limit of cumulative distributable profits.

(3) Conditions of dividend distribution and the proportion of dividend distribution

1. In the premise of satisfying criteria for distribution of cash dividends, in principle, the Company shall distribute dividends in cash on a yearly basis. The Board of the Company can propose the Company to declare interim dividend based on the Company's profits and capital needs;
2. In the premise of satisfying criteria for distribution of cash dividends, in principle, the Company shall distribute cash dividends based on a fixed proportion of distributable profits achieved in a year. The cumulative profit distribution in cash for the last three years shall not be less than 30% of the average distributable profit for the last three years;
3. The Company can use share dividends as an additional means for profit distribution, and the sum of cash dividends and share dividends shall not be less than 50% of the distributable profits for the year. In determining the specific amount for distributing profits by means of shares, the Company should adequately consider whether the total share capital after profit distribution by means of shares corresponds to the Company's current scale of operations and profit growth rate, and consider the impact on the finance cost of future loans, to ensure that the profit distribution plan is in line with the overall interests and long-term interests of shareholders as a whole.
4. In principle, in distributing cash dividends, the Company shall at the same time satisfy the following criteria:
 - (i) The Company has made a profit for that year, and after compensating for losses in

previous years and withdrawing reserves according to law, the cumulative undistributed profits is positive, and the earnings per share shall not be less than RMB0.05;

- (ii) Auditors issue a standard with no qualified opinion audit report for the Company's financial report for the year;
- (iii) The Company's asset-liability ratio shall not exceed 70%;
- (iv) The Company does not have material investment plan or material cash expenditures.

Material investment plan or material cash expenditures refer to: The Company intends to make external investment, acquire assets or purchase equipment in the following 12 months with a cumulative expenditure reaching or over 10% of its latest audited net assets of and exceeding RMB500,000,000;

- (v) If the Board of the Company does not propose to distribute profit in cash in the year when the Company is profitable, it shall state the reason why the profit is not distributed in its annual report for the year and the use and plan of use in respect of the undistributed capital reserved. Independent directors shall express independent opinions on such non-distribution of profits and disclose their opinions to the public. If the Company does not propose to distribute profit in cash when it is profitable during the reporting period, it shall provide online voting platforms to its shareholders other than on-site meeting when it holds general meetings.

(4) Verification procedures for profit distribution

- 1. Prior to the announcement of regular reports, in the premise of adequately considering the Company's continuous operating ability, ensuring normal production operations and funds for business development as well as regard for reasonable investment return to investors, the management and the Board of the Company should look into verifying the profit distribution plan;

-
2. In formulating a specific plan for distribution, the Board of the Company should adhere to the profit distribution policy stipulated in relevant laws, administrative regulations, departmental policies of the PRC and the Articles of Association;
 3. In formulating specific plans for distribution of dividends in cash, the Board should seriously look into and verify matters such as the timing, criteria and minimum proportion of dividend distribution in cash, criteria for adjustment and its decision-making process. Independent directors should issue clear opinions;
 4. Independent directors may gather opinions from minority shareholders, formulate proposals for dividend distribution, and directly submit to the Board for consideration;

(5) Decision making procedures of profit distribution

1. Only after review and approval of the profit distribution plan by the Board of the Company, a profit distribution business can be submitted to the general meeting for consideration. In considering the proposal for profit distribution by the Board, the proposal shall be passed by a majority of all directors, and independent directors shall issue independent opinion with respect to the specific plan for profit distribution;
2. The supervisory committee shall review the specific profit distribution plan formulated by the Board and the plan shall be voted and passed by a majority of all supervisors on the supervisory board;
3. In considering the profit distribution plan, it shall be approved by a majority of voting rights held by shareholders (including proxies of shareholders) present at the general meeting. Where the general meeting is considering plans to distribute by way of share dividends, or a combination of cash and shares or transfer from reserve fund to capital, it shall be approved by more than two-thirds of the voting rights held by shareholders (including proxies of shareholders) present at the general meeting;

-
4. Prior to the consideration of the specific cash proposal by the general meeting, the listed company should actively engage and exchange with shareholders (particularly minority shareholders) through various channels such as telephone, facsimile, letters, emails, investor relations interactive platform on company website, so as to adequately listen to the opinions and demands of minority shareholders, and respond to issues relating to minority shareholders in a timely manner.

The Board, independent directors and eligible shareholders shall solicit voting rights of the Company's shareholders in respect of the general meeting.

(6) Procedures for adjusting the profit distribution policy

1. The Company shall root in protecting the interests of its shareholders and shall make extensive arguments and explain its reason when adjusting the profit distribution policy based on the external operating environment or its own operating conditions. The profit distribution policy adjusted shall not violate applicable regulations of the CSRC and stock exchanges in Shanghai and Hong Kong;
2. In verifying, formulating and amending the Company's profit distribution policy, the opinions of independent directors and public shareholders should be adequately collected by various channels (including but not limited to telephone, facsimile, email, interactive platform, invitation to participate in meetings, etc.);
3. Adjustments or changes to the profit distribution policy stipulated in the Articles of Association shall be agreed by the Company's independent directors who also shall express independent opinions on such adjustment or change and then be subject to the consideration by the general meeting after such adjustment or change is agreed and passed by a majority of all directors on the Board;
4. The Company shall root in protecting the interests of its shareholders and shall make extensive arguments and explain its reason in the proposal to adjust or change the

relevant profit distribution policy. In reviewing the adjustment or change to the profit distribution policy stipulated in the Articles of Association, it shall be approved by more than two-thirds of the voting rights held by shareholders (including proxies of shareholders) present at the general meeting;

Where a shareholder of the Company misappropriates capital of the Company, the Company shall deduct from the cash dividends to be distributed to such shareholder to repay the capital misappropriated by him.

Article 216 The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign shares to receive on behalf of such shareholders dividends distributed and all other monies payables. The receiving agents appointed on behalf of holders of overseas-listed foreign shares listed in Hong Kong (H shares) shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Article 217 The Company shall calculate any dividend and other payment to shareholders in Renminbi, whereas dividend and other payment on domestic shares shall be paid in Renminbi and dividend and other payment on overseas-listed foreign shares listed in Hong Kong (H shares) shall be paid in Hong Kong Dollar. The conversion formula for payment in Hong Kong Dollar shall be:

Amount of dividend or other conversion payment = dividend or other payment in Renminbi ÷ average Renminbi benchmark exchange rate for each foreign currency unit announced by the People's Bank of China during the week prior to the announcement of payment of dividend and other amounts

CHAPTER 17 INTERNAL AUDITING

Article 218 The Company shall implement an internal audit system, and shall engage full-time auditors to conduct internal audit of its income and expenditure and economic activities.

Article 219 The internal audit system and duties of the internal auditors of the Company shall be implemented upon approval by the Board. The chief auditor shall be accountable and report to the Board.

CHAPTER 18 APPOINTMENT OF ACCOUNTANTS’ FIRM

Article 220 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company’s annual financial statements and review the Company’s other financial reports (including accounting statement and verification of net assets) and to provide other relevant services such as advising.

Article 221 The accountants’ firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual general meeting of shareholders.

The accountants’ firm appointed by the Company shall have the following rights:

(1) the right to inspect at any time the books, records and vouchers of the Company, and to require the directors, managers and other senior management members of the Company to provide any relevant information and explanation thereof;

(2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants’ firm ; and

(3) the right to attend shareholders’ general meetings and to receive all notices of, and other communications relating to, any shareholders’ general meeting which any shareholder is entitled to receive, and to be heard at any shareholders’ general meeting in relation to matters concerning its role as the accountants’ firm of the Company.

Article 222 The Company shall guarantee that accounting evidence, accounting books, financial accounting reports and other accounting information provided to the accountants' firm appointed are true and complete and shall not decline, hide or falsely report any such information.

Article 223 Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the accountants' firm but while there is still any such vacancy, the surviving or continuing firm, if any, may act.

Article 224 The shareholders in general meeting may, by ordinary resolution, remove an accountants' firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article 225 The remuneration of an accountants' firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of an accountants' firm appointed by the Board shall be determined by the Board.

Article 226 The Company's appointment, removal and non-reappointment of an accountants' firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the securities regulatory authority of the State Council.

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

(1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant

financial year before notice of meeting is given to the shareholders. Leaving includes leaving by removal, resignation and retirement.

(2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):

1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave; and

2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.

(3) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.

(4) An accountants' firm which is leaving its post shall be entitled to attend:

1. the shareholders' general meeting relating to the expiry of its term of office;

2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and

3. any shareholders' general meeting convened on its resignation,

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accountants' firm of the Company.

Article 227 Prior to the removal or the non-renewal of the appointment of an accountants' firm, notice of such removal or non-renewal shall be given to the accountants' firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the

accountants' firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

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

1. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company; or

2. a statement of any such circumstances.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in item (2) of the preceding paragraph, a copy of such representation shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign shares by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.

Where the notice of resignation of an accountants' firm contains a statement of any matters of which an account should be given, the accountants' firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

CHAPTER 19 INSURANCE

Article 228 Insurances of the Company shall be made with People's Insurance Company Of China or other insurance company registered in China and permitted by the law of China to provide insurance to Chinese companies.

The type, sum and terms of insurance shall be determined by the manger of the Company

according to practice of peer companies in other countries and practice and law requirement in China.

CHAPTER 20 LABOUR MANAGEMENT AND STAFF UNION ORGANIZATION

Article 229 The Company shall, pursuant to the laws and administrative regulations of China, formulate its systems on, among others, labour management, personnel management, remuneration, fringe benefits and social security.

Article 230 Each level of management shall be employed on an appointment system and each staff shall be employed on contract.

The Company shall have the right to employ and dismiss its own staff in accordance with the laws, administrative regulations and the Company's requirements and procedures of personnel management. Staff shall have the right to resign.

Article 231 Subject to relevant administrative regulations in China, the Company shall have the right to decide on salary income and benefits of its management and staff in accordance with its economic efficiency.

Article 232 The Company shall abide by regulations and rules on retirement of staff and labour protection and insurance for unemployed staff promulgated by relevant labour management authorities of the State Council.

Article 233 The Company shall safeguard lawful interests of staff and reinforce labour protection to achieve safe production.

The Company shall adopt various measures to strengthen vocational education and specific training for staff of the Company to enhance their quality.

Article 234 Staff of the Company shall form union pursuant to law to carry out union

activities in order to protect lawful interests of staff. The Company shall provide requisite condition for the activities of the Company's staff union and shall make expenditure for union to carry out union activities pursuant to relevant requirement of the State.

Article 235 In considering and determining issues directly involving interests of staff including their salary, benefits, safety in production and labour protection and labour insurance, the Company shall collect in advance opinion from its staff and union thereof, and invite representatives from the union or of staff to attend relevant meeting. In deciding on material issues in relation to production and operation and formulating principal regulations and system, the Company shall collect opinion from its staff and union thereof.

CHAPTER 21 MERGER AND SPLIT OF THE COMPANY

Article 236 In the event of a merger or split of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or split of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or split should be prepared for inspection by the shareholders.

The aforesaid document should also be dispatched to the holders of overseas-listed foreign shares by mail.

Article 237 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make newspaper announcement no less than three times within

thirty (30) days of the date of the Company's resolution on merger.

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

Article 238 When the Company is split, its assets shall be split up accordingly. In the event of a split of the Company, all the parties involved shall execute a split agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on the split and shall make a newspaper announcement no less than three times within thirty (30) days of the date of the Company's resolution on the split. Obligation with respect to debts incurred by the Company before its split shall be borne by the companies after the split in accordance with agreement reached.

Article 239 When the merger or split of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

CHAPTER 22 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 240 The Company shall be dissolved and liquidation should be made in accordance with governing laws upon the occurrence of any of the following:

- (1) a resolution on dissolution is passed by shareholders at general meeting;
- (2) dissolution is necessary due to a merger or split of the Company;
- (3) the Company is declared bankrupt because of inability to repay debts due;
- (4) the Company's is in breach of laws or administrative regulations and is ordered to

close down;

- (5) the Company encounters substantial difficulties in operation and management which render its continuance causing material loss to shareholders and the Company is unable to solve such difficulties in other ways, shareholders holding more than 10% of all voting rights may apply to the People's Court for the dissolution of the Company.

Article 241 Where the Company is dissolved under paragraph (1) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days of the shareholders resolution, and its members shall be determined by ordinary resolution at a general meeting.

Where the Company is dissolved under paragraph (3) of the preceding Article, the People's Court shall in accordance with the provisions of relevant laws organize the shareholders, relevant organizations and relevant professionals to establish a liquidation committee to proceed with the liquidation.

Where the Company is dissolved under paragraph (4) of the preceding Article, the relevant competent authority shall organize the shareholders, relevant organizations and professionals to establish a liquidation committee to proceed with the liquidation.

Where the Company is dissolved under paragraph (5) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days of the cause of the dissolution and commence liquidation afterwards, and its members shall be determined by the Board or by general meeting. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee so as to proceed with the liquidation.

Article 242 Where the Board proposes to liquidate the Company due to causes other than that the Company has declared it is insolvent, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be

able to pay its debts in full within twelve (12) months from the commencement of the liquidation. Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease. The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article 243 The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement not less than 3 times within sixty (60) days of that date and shall register for rights of the creditors. Creditors should, within thirty (30) days after receipt of the notice, or for those who do not receive the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee.

When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Article 244 During the liquidation period, the liquidation committee shall exercise the following functions and duties:

(1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;

(2) to notify creditors by sending notice or by making announcement;

(3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;

(4) to settle outstanding taxes;

(5) to clear claims and debts;

(6) to deal with the remaining assets of the Company after the repayment of debts; and

(7) to represent the Company in any civil proceedings.

Members of the liquidation committee shall perform their duties faithfully and carry out the liquidation in accordance with the law. Members of the liquidation committee shall not take advantage of their position to take bribes or other illegal income, or misappropriate the assets of the Company. If members of the liquidation committee cause loss to the Company or its creditors, either willfully or due to material wrongdoings, they shall be liable for compensation.

Article 245 After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or the relevant competent authority for confirmation. The Company's assets shall be settled in the following order:

(1) liquidation cost;

(2) salary and social security insurance expense owing to staff of the Company during the 3 years commencing from the date of the liquidation;

(3) taxes owed and any additional tax fund payable pursuant to administrative regulations in China;

(4) bank loan, bond of the Company and other debt.

After repayment of its debts in accordance with the provisions above, the remaining assets of the Company shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall not carry out any new business activities.

Article 246 In the event of the Company's liquidation owing to dissolution, if the

liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the court for declaration of bankruptcy.

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

Article 247 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by certified public accountants in China and then submitted to the relevant competent authorities for confirmation.

The liquidation committee shall within thirty (30) days after the date of the shareholders' general meeting or the affirmation from the concerned competent authorities, submit the aforementioned documents to the company registration authorities for cancellation of the Company's registration and announces that the Company ceases to exist.

CHAPTER 23 PROCEDURES OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Article 248 The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

Article 249 Amendment of the Company's Articles of Association which involves the content of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (referred to as "Mandatory Provisions") shall become effective upon recorded by the company examining and approval authority or securities regulatory authority of the State Council. If registration is involved for the amendments, such registration shall be carried out in compliance with the relevant laws.

CHAPTER 24 SETTLEMENT OF DISPUTES

Article 250 The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas-listed foreign shares and the Company, holders of the overseas-listed foreign shares and the Company's directors, supervisors, managers or other senior management members, or holders of the overseas-listed foreign shares and holders of domestic shares, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration. Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, director, supervisor, manager or other senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

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

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

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in

accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights prescribed in paragraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

CHAPTER 25 NOTICE

Article 251 The notice of the Company may be served as follows:

- (I) By personal delivery;
- (II) By post;
- (III) By fax or email;
- (IV) By announcement on the website designated by the Company, Shanghai Stock Exchange and the Hong Kong Stock Exchange in accordance with the laws, administrative regulations and listing rules of the stock exchange at the location where the Company's shares are listed;
- (V) By bulletin, which shall be published on newspapers;
- (VI) By other means agreed between the Company and the recipient or approved by the recipient;
- (VII) By other means approved by the relevant regulatory authority at the location where the Company's shares are listed or stipulated in these Articles of Association.

Unless otherwise provided in these Articles of Association, the Company's notices, materials or written announcements to the holders of overseas-listed foreign shares shall be delivered by hand or by post to the addresses of each of the holders of overseas-listed foreign shares as registered in the register of members.

The Company's notices once delivered by public announcement is deemed to be received by all relevant persons. Notice delivered by post shall be placed inside a prepaid envelope on which address has been clearly written. Shareholders are deemed to have received such notice after 48 hours since such notice is despatched.

Article 252 Any notice, document, information or written statement from shareholders or directors to the Company may be delivered to the resident address of the Company by person or by registered mail.

Article 253 For the purpose of proving any notice, document, information or written statement from shareholders or directors has been delivered to the Company, relevant supporting material evidencing such notice, document, information or written statement has been delivered to the correct address in a prepaid and ordinary manner at the time of delivery specified shall be provided.

Article 254 Subject to the laws and regulations and listing rules governing in the place where the Company is listed and the Articles of Association, any requirement for the Company to deliver, email, dispatch, publish or announce or provide any corporate communication may be published or provided on websites or in other electronic ways specified by the Company or The Stock Exchange of Hong Kong Limited.

“Corporate communication” referred to in this Article means any document issued or to be issued by the Company to holders of any securities of the Company for their reference or taking action. Such communication includes without limitation:

- (1) Board report, annual account together with accountants' report and financial summary report (if applicable);
- (2) Interim report and interim summary report (if applicable);
- (3) Notice of meeting;

-
- (4) Listing document;
 - (5) Circular; and
 - (6) Power of attorney.

CHAPTER 26 SPECIAL PROVISIONS

Article 255 The Company shall comply with the following provisions:

- (1) China State Shipbuilding Corporation shall be the controlling shareholder or actual controller of the Company and maintains its absolute controlling status in the Company.
- (2) Accept the orders of military products from the State and prioritise the orders for the production of national military technology and research products according to the relevant progress, quality and quantity requirement.
- (3) Strictly implement the laws and regulations in relation to national security and secrecy, establish confidential work procedures, security accountability system and review system in respect of the disclosure of information relating to military products, and implement the confidential responsibility of the concerned shareholders, directors, supervisors, senior management and intermediaries and accept the monitoring and checking from relevant security authorities to ensure the security of national secrets.
- (4) Strictly comply with the regulations in respect of the management of crucial military equipment and facilities, strengthen the registration and management of crucial military equipment and facilities to ensure the safety, completeness and effective utilization of crucial military equipment and facilities.
- (5) Strictly comply with the regulations on the licensing and management of technological

research and production of weapon armament.

- (6) Strictly comply with the requirements under the national defense patent regulation, perform the approval procedures in respect of the application, implementation, transfer and secrecy of national defense patents to protect the national defense patent.
- (7) Revision or amendment to this Special Provisions shall only be proceeded to usual approval procedures with the prior consent from the competent national defense technology industry authority of the State Council.
- (8) Implement the requirements under the National Defense Law of the PRC and National Defense Mobilization Law of the PRC and fulfill the required mobilization work after the State issued the mobilization order; the State may confiscate relevant assets according to the laws based on the needs of the State.
- (9) Prior to the change of controlling shareholders, the approval procedures shall be performed with the prior approval from competent national defense technology industry authority of the State Council; the change of chairman and general manager, and the engagement of overseas independent directors, shall be registered to the competent national defense technology industry department of the State Council; in case of any material acquisition, the acquiring party shall register with the competent national defense technology industry authority of the State Council if it individually holds or, with other concert parties jointly, hold 5% (inclusive) or more of the Company's shares.

CHAPTER 27 PARTY ORGANISATION

Article 256 The Company shall establish a Party Committee, consisting of a secretary and several other members. Eligible members of the Party Committee may be considered and

appointed as members of the Board of Directors, the Board of Supervisors and the management through legal procedures. Eligible members in the Board of Directors, the Board of Supervisors and the management who are members of the Communist Party of China may be considered and appointed as members of the Party Committee in accordance with relevant requirements and procedures. In addition, a member of the Party Committee shall be designated as the disciplinary inspection member.

The Party Committee shall perform its duties in accordance with the Constitution of the Communist Party of China and other internal regulations of the Party:

- (1) to ensure and supervise the Company's implementation of policies and guidelines of the Party and the State and implement major strategic decisions of the Communist Party of China Central Committee and the State Council, as well as important work arrangements of the Party Committee of the State-owned Assets Supervision and Administration Commission of the State Council and the superior Party Committee.
- (2) to uphold the integration of the principle of management of cadres by the Party with the function of the Board of Directors in the lawful selection of the operation management and with the lawful exercise of authority of employment of personnel by the operation management. The Party Committee shall consider and comment on the candidates nominated by the Board of Directors or the management, or recommend candidates to the Board of Directors or the general manager, and put forth comments and suggestions collectively.
- (3) to research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and provide comments and suggestions thereon.
- (4) to carefully comply with the requirements for strict self-governance of the Party in every respect, to lead the Company's ideological and political work, united front work, spiritual civilization construction, enterprise cultural construction and the work of

organisations such as the labor union and the communist youth league, and to lead the construction of the party conduct and of an honest and clean administration and strengthen disciplinary supervision.

CHAPTER 28 INTERPRETATION AND DEFINITION OF THIS ARTICLES OF ASSOCIATION

Article 257 This Articles of Association shall be interpreted by the Board. Any matter not provided for herein shall be proposed by the Board at general meeting as special resolution for approval.

Article 258 The following expressions used herein shall have the following meaning:

“Articles of Association” current Articles of Association of the Company in effect;

“Board” the Board of directors of the Company;

“China” People’s Republic of China;

“Renminbi” the lawful currency of China;

“Seal” the common seal of Company used from time to time and the official seal maintained by the Company (if any), or either of the above if the context so requires;

Article 259 “Accountants’ firm” in these Articles of Association shall have the same meaning as “auditors”.