



Articles of Association

(June 2018 revision)

Huadong Medicine Co., Ltd.

Articles of Association

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Chapter I General Provisions

Article 1 In order to safeguard the legitimate rights and interests of the Company, its shareholders and creditors, and to regularize organization and behaviors of the Company, the shareholders hereby make these Articles of Association in accordance with the “Company Law of the People’s Republic of China” (hereinafter referred to as the Company Law), the “Securities Law of the People’s Republic of China” (hereinafter referred to as the Securities Law), and other relevant laws and regulations.

Article 2 **Huadong Medicine Co., Ltd.** (hereinafter referred to as the Company) is a joint stock company limited established in accordance with the Company Law and other relevant laws and regulations.

The Company has been established by raising funds from targeted sources, and registered at Zhejiang Provincial Administration for Industry and Commerce; it has obtained its Business License (Unified Social Credit Code: 91330000143083157E).

Article 3 Approved by China Securities Regulatory Commission (referred to as “CSRC” hereinafter) on December 27, 1999, the Company’s IPO (Initial Public Offerings) totaled 50,000,000 common shares, and the Company was officially listed in Shenzhen Stock Exchange on January 27, 2000.

Article 4 Registered Chinese Name of the Company: *华东医药股份有限公司*

Registered English Name of the Company: *Huadong Medicine Co., Ltd.*

Article 5 Address of the Company: Building 1 - Unit 1 - 9 and 10 F, Yan’an Rd. 468#, Hangzhou

Article 6 The registered capital of the company totals RMB 1,458,174,624.00

Article 7 The Company is a joint stock company limited with permanent existence.

Article 8 The Chairman of the Board (the President) serves as legal representative of the Company.

Article 9 All the assets of the Company are divided into shares with the same face value. The shareholders shall assume liabilities to the Company in proportion to the amounts of their subscribed share capital, and the Company shall assume liabilities to its debts with all its assets.

Article 10 From the effective date, the Articles of Association of the Company shall become a legally binding document to regularize organization and behaviors of the Company and the right-obligation relationships between the Company and its shareholders, and among the shareholders. The Articles of Association shall be legally binding upon the Company, its shareholders, directors, supervisors and

senior managers. In accordance with the Articles of Association, the shareholder(s) may proceed against other shareholder(s); the shareholder(s) may proceed against the Company, its directors, supervisors, general manager and senior managers; the Company may proceed against its shareholder(s), director(s), supervisor(s), general manager and other senior manager(s).

Article 11 “Other senior managers” mentioned in the Articles of Association shall be the vice General Manager(s), the secretary of the board of directors, and the chief financial officer.

Chapter II Tenet and Business Scope

Article 12 The Tenet of the Company: Aiming at establishing a modernized Pharmaceutical Group Enterprise integrated with scientific research, industry and trade, the Company, mainly specialized in production and operation of high-tech medicine products, does its utmost to offer high-quality products and good services to its customers, create good economic benefits for its shareholders and make contributions to China’s pharmaceutical industry.

Article 13 The legally registered business scope of the Company includes: production and operation of medicines (for details of scope, see the license; hazardous articles shall be operated by its affiliated branches upon a valid license); prepackaged foods (see the Foods Operation License), the second category of value-added telecom services (for details of scope, see the operation license of PRC for value-added telecom services), Internet drugs trading services (see the Qualification Certificate of PRC for Internet Drugs Trading Services), freight transport (operation upon a valid license); sales of tonic registered as health foods and health care products (operated by its affiliated branches upon a valid license); sales of those registered as disinfection products, medical devices, glassware, chemicals for daily use, household electric appliances, agricultural and sideline products (excluding foods), general merchandise, native products, arts and crafts, knits and textiles, maintenance of medical devices, experiment apparatus and diagnostic instruments, wholesale & retail of cosmetics, chemical reagents (excluding those dangerous chemicals and precursor chemicals), glasses, primary edible agricultural products, and food additives, warehouse services (excluding dangerous articles), medical consultation services, import and export business, nursing care of the elderly (excluding medical treatment) (As for items that are subject to approval according to law, business activities can only be carried out upon approval by relevant authorities)

Chapter III Shares

Section I Issue of Shares

Article 14 The shares of the company shall be in the form of stocks.

Article 15 The Company shall issue shares in an open, fair and impartial way, and each share of the same kind shall enjoy the same rights.

For shares of the same kind issued at the same time, the issue conditions and price for each share shall be the same. Any organizations or individuals shall pay the same price for each share they subscribe.

Article 16 The face value of shares issued by the Company shall be RMB (CNY).

Article 17 The shares issued by the Company shall be deposited under centralized management of Shenzhen Branch of China Securities Depository and Clearing Corp.

Article 18 At the time of establishment, the Company totally issued 8,000,000 shares.

The main promoter of the Company is Hangzhou Medical Purchase and Supply Station, and the co-promoters are Hangzhou Minsheng Pharmaceutical Factory and Zhejiang Medicine Co., Ltd. Xinchang Pharmaceutical Factory, in which

Hangzhou Medical Purchase and Supply Station has subscribed 4,787,000 shares with its net operating assets;

Zhejiang Medicine Co., Ltd. Xinchang Pharmaceutical Factory has subscribed 200,000 shares in cash;

Hangzhou Minsheng Pharmaceutical Factory has subscribed 100,000 shares in cash;

Other social legal persons have subscribed 1,313,000 shares in cash;

The employees of **Huadong Medicine Co., Ltd.** have subscribed 1,600,000 shares in cash;

Time of Capital Contributions: in March 1993.

Article 19 The Company has a total of 1,458,174,624 common shares (no shares of other kinds)

Article 20 The Company or its subsidiaries (including its affiliated enterprises) shall not offer financial aids to those who have purchased or will purchase shares of our Company, whether in the form of donations, advance funds, guarantees, compensations or loans.

Section II Increase, Decrease and Repurchase of Shares

Article 21 Needed by business operations and future development of the Company, the Shareholders' Meeting may pass resolutions on the increase of the capital in any of the following ways in accordance with relevant laws and regulations:

- (1) Public offerings;
- (2) Non-public placement;
- (3) Issue of bonus shares to current shareholders;
- (4) Transfer of the common reserve funds to share capital;
- (5) Other ways as stipulated by laws and regulations and approved by China Securities Regulatory Commission.

Article 22 The Company may decrease its registered capital in accordance with the Company Law and other relevant provisions and the procedures specified in these Articles of Association.

Article 23 In any one of the following cases, the Company may repurchase its shares in accordance with laws, administrative regulations, rules, and these Articles of Association:

- (1) Decrease of the registered capital of the Company;
- (2) Merger with other companies holding the shares of the Company;
- (3) Giving shares to its employees as incentive;
- (4) The shareholders who have objections to the resolution made by the Shareholders' Meeting on merger or division may ask the Company to repurchase their shares.

With the exception of the cases above, the company is now allowed to buy or sell its shares.

Article 24 The Company may repurchase its shares in any one of the following modes:

- (1) Centralized bidding transactions in the Stock Exchange
- (2) In the Mode of Offer
- (3) Other modes recognized by China Securities Regulatory Commission.

Article 25 Resolutions shall be passed by the Shareholders' Meeting for repurchasing shares in accordance with the Article 23 (1) - (3). Shares shall be canceled within 10 days from the date of repurchase in the event of Article 23 (1), and shares shall be transferred or canceled within 6 months in the event of Article 23 (2) or (4).

The shares repurchased by the company as per Article 23 (3) shall not exceed 5% of its total shares issued; the money used for repurchase of shares shall be drawn from its after-tax profits. Repurchased shares shall be transferred to its employees within 1 year.

Section III Transfer of Shares

Article 26 The shares of the company can be legally transferred.

Article 27 The Company shall not accept its shares as subjects of pledge.

Article 28 The company shares held by the company promoters (founders) shall not be transferred within 1 year from the date of establishment of the company.

The shares already issued before the IPO shall not be transferred within 1 year since the date of listing of the company in the Stock Exchange.

Directors, supervisors and senior managers shall declare to the Company the shares they hold in the Company and any change to their shares in hand; during their service in the Company, the shares transferred annually by the directors, supervisors and senior managers shall not exceed 25% of the total shares they hold. The shares held by directors, supervisors and senior managers shall not be transferred within 1 year after the date of listing of the Company at the Stock Exchange. Directors, supervisors and senior managers shall not transfer their shares within 6 months after leaving their positions.

Article 29 In the event that directors, supervisors, senior managers or shareholders holding more than 5% of the company shares sell out their shares within 6 months after purchasing, or repurchase their shares within 6 months after selling them out, the incomes from the said stock deals shall belong to the company and be recovered by the board of directors. However, if a securities company holds more than 5% company shares after buying excess shares as an underwriter, the sales of the said shares shall not be bound by the time limit of 6 months.

In case that the board of directors fails to implement relevant matters according to the preceding paragraph, shareholder(s) shall have the right to ask the board of directors to implement relevant matters within 30 days. If the board of directors fails to do so within the above period, the shareholder(s) shall have the right, for the interests of the Company, to directly bring actions against the board of directors in the people's court in his (her) own name.

In case that the board of directors fails to implement relevant matters according to the first paragraph, the responsible directors shall bear the joint liability in accordance with laws.

Chapter IV Shareholders and the Shareholders' Meeting

Section I Shareholders

Article 30 The Company shall, according to vouchers provided by the securities registration authority, establish its list of shareholders, which shall be the sufficient evidence to prove that the shareholder(s) hold(s) company shares. Shareholders shall enjoy rights and undertake obligations according to different kinds of shares they hold; shareholders holding the same kind of shares shall enjoy the same rights and undertake the same obligations.

Article 31 Upon holding of the Shareholders' Meetings, distributions of dividends, liquidation or taking other actions which require the confirmation of identities of shareholders, the convener of the board meetings or the Shareholders' Meetings shall define the equity registration date (the date of record). Shareholders registered after the closing of the stock market at the equity registration date shall be the shareholders enjoying related rights and interests.

Article 32 The shareholders shall enjoy the following rights:

- (1) To obtain dividends and other forms of benefits distribution in proportions to the amount of shares they hold;
- (2) To legally suggest, convene, preside over, attend, or authorize representatives to attend the Shareholders' Meetings, and exercise the corresponding voting rights in the meetings in proportions to the amount of shares they hold;
- (3) To supervise, make proposals or address inquiries on the business operation of the Company;
- (4) To transfer, donate or pledge their shares in accordance with laws, administrative regulations and these Articles of Association;
- (5) To look up the Articles of Association, list of shareholders, stubs of corporate bonds, minutes of the Shareholders' Meetings, resolutions of the board of directors, or the resolution of the board of supervisors and financial accounting reports;
- (6) To share residual properties of the Company in accordance with the shares they hold upon termination or liquidation of the company;
- (7) The shareholders who have objections to resolution made by the Shareholders' Meetings on merger or division of the Company may ask the Company to repurchase their shares;
- (8) Other rights stipulated by laws, administrative regulations and these Articles of Association.

Article 33 The shareholders who require look up relevant information or asks for written materials

mentioned in the preceding article shall present written documents proving the class and quantity of shares they hold. Upon verification of identity of the said shareholder(s), the Company shall provide the shareholder(s) with relevant information or written materials according to requirements of the shareholder(s).

Article 34 Should the contents of resolutions passed by the Shareholders' Meeting or the board meeting violate laws or administrative regulations, the shareholder(s) should have the right to ask the people's court to determine that such resolutions are invalid.

Should the convening procedures or voting procedures of Shareholders' Meetings or board meetings violate laws, administrative regulations or the Articles of Association, or the contents of such resolutions violate these Articles of Association, the shareholder(s) should have the right to ask the people's court for cancellation of the said resolution within 60 days after such a resolution has been made.

Article 35 In the event that directors or senior managers violate laws, administrative regulations or these Articles of Association while performing their duties, incurring losses to the Company, the shareholder(s) solely or jointly holding more than 1% company shares for more than 180 consecutive days should have the right to ask the board of supervisors in a written form to take legal actions in the people's court against said directors or senior managers; should the board of supervisors violates laws, administrative regulations or these Articles of Association while performing duties, incurring losses to the Company, the shareholder(s) should have the right to ask the board of directors in a written form to take legal actions in the people's court against the board of supervisors.

If, after having received the above-mentioned written request from the shareholder(s), the board of supervisors or the board of directors refuses to take legal actions or fails to take legal actions within 30 days after such a written request has been received, or in urgent cases, failure to take legal actions immediately might cause irreparable losses to interests of the Company, the shareholder(s) stipulated in the preceding paragraph shall have the right, for the sake of the Company, directly bring an action in the people's court in their own names.

In case of other parties' infringement upon legitimate rights and interests of the company, incurring losses to the company, the shareholders mentioned in the first paragraph of this clause may bring an action in the people's court according to the preceding two paragraphs.

Article 36 If the directors or senior managers violate laws, administrative regulations or these Articles

of Association, incurring damages to interests of shareholders, the shareholder(s) may take legal actions in the people's court against such directors or senior managers.

Article 37 The Company shareholders shall undertake the following obligations:

- (1) To comply with laws, administrative regulations and these Articles of Association;
- (2) To pay up capital contributions to the Company in accordance with the amount subscribed and contribution mode;
- (3) Shareholders shall not withdraw their shares unless otherwise stipulated by laws or regulations;
- (4) The shareholders shall not abuse their rights as shareholders to infringe upon interests of the Company or other shareholders, or abuse the company's independent status as a legal entity or the shareholders' limited liability, to damage the interests of creditors of the Company.

In the event that Company shareholders abuse their rights as shareholders, incurring losses to the Company or to other shareholders, those shareholders shall bear liability of compensations.

In the event that Company shareholders abuse the company's independent status as a legal entity and the shareholder's limited liability and evade debts, incurring serious damage to interests of creditors of the Company, those shareholders shall bear joint liability for company debts.

- (5) Other obligations to be undertaken by the shareholders according to relevant laws, administrative regulations and the Articles of Association.

Article 38 In the event that shareholders holding more than 5% company shares with voting rights have pledged their shares, they shall make a written report to the Company immediately on the day of occurrence of the event.

Article 39 The controlling shareholder(s) or the actual controller(s) of the Company shall not damage interests of the company by taking advantage of their association relationship. Otherwise they shall bear the liability of compensations for any loss caused to the company.

The controlling shareholder(s) or the actual controller(s) of the Company shall bear the duty of loyalty to the Company and its public shareholders. Controlling shareholder(s) shall strictly exercise the rights as contributors in accordance with laws, and not harm the legitimate rights and interests of the Company and the public shareholders by taking advantage of distribution of profits, reorganization of assets, investments, occupation of funds and security for loans, nor shall the controlling shareholder(s) harm interests of the Company and its public shareholders by taking advantage of its controlling status.

Section II General Provisions on the Shareholders' Meeting

Article 40 The Shareholders' Meetings, as the organ of power of the Company, shall legally exercise the following functions and powers:

- (1) To make decisions on the management policies and investment plans of the Company;
- (2) To elect and replace directors and supervisors not served by employees' representatives, and decide on his (her) remunerations;
- (3) To examine and approve the report made by the board of directors;
- (4) To examine and approve the report made by the board of supervisors;
- (5) To examine and approve the company's annual financial budget scheme and final accounts;
- (6) To examine and approve the profit distribution and loss-covering schemes of the company;
- (7) To make resolutions on the company's increase or decrease of the registered capital;
- (8) To make resolutions on issuance of corporate bonds;
- (9) To make resolutions on the merger, division, dissolution, liquidation or changes of the form of the enterprise;
- (10) To make amendments to these Articles of Association;
- (11) To make resolutions on the engagement or dismissal of accounting firm by the Company;
- (12) To deliberate and approve guarantee matters as stipulated in Article 41 of the Articles of Association;
- (13) To deliberate the matters of purchase or sales of major assets within one year with value exceeding 30% of the total assets of the Company audited in the latest period;
- (14) To deliberate and approve the changes of the purposes of raised funds;
- (15) To deliberate stock right incentive plans;
- (16) To deliberate other matters to be decided by the Shareholders' Meeting as stipulated by laws, administrative regulations, rules or these Articles of Association.

Article 41 The following guarantees provided by the Company shall be deliberated and passed by Shareholders' Meetings.

- (1) Any guarantees provided after the total sum of external guarantees provided by the Company and its holding subsidiaries has reached or exceeded 50% of the net assets of the Company audited in the

latest period;

(2) Any guarantees provided by the Company after the total sum of guarantees provided by the company has reached or exceeded 30% of the total assets of the company audited in the latest period;

(3) Guarantees provided for those companies whose asset-liability ratio has exceeded 70%;

(4) A single guarantee provided by the Company with the amount exceeding 10% of the net assets of the company audited in the latest period;

(5) Guarantees provided for shareholder(s), actual controller(s) and their related parties.

Article 42 Shareholders' Meetings can be classified as annual Shareholders' Meetings and interim Shareholders' Meetings. Annual Shareholders' Meetings shall be held once a year within 6 months after ending of the last accounting year.

Article 43 An Interim Shareholders' Meeting shall be held within 2 months in one of the following cases:

(1) The number of directors is below the minimum requirements as specified by the Company Law, or below 2/3 of the number as stipulated in these Articles of Association;

(2) The uncovered losses of the Company has reached 1/3 of the total paid-in share capital;

(3) At the request of shareholders solely or jointly holding more than 10% company shares;

(4) The board of directors deems it necessary;

(5) Proposed by the board of supervisors;

(6) Other cases specified by laws, administrative regulations, rules or these Articles of Association.

Article 44 The Shareholders' Meetings are usually held at the domicile of the Company, and other specific places.

Meeting place shall be arranged, so that the Shareholders' Meeting can be held as on-site meeting. The Company shall also provide convenience to shareholders to attend the Shareholders' Meeting, such as network voting or other modes. The shareholders having attended the Shareholders' Meeting in above modes shall be seen as present in the meeting.

If network voting were adopted in the meeting, the Company should confirm identity of shareholders according to relevant provisions of the securities regulatory organ and listing rules of Shenzhen Stock Exchange.

Article 45 In Shareholders' Meetings, the lawyer(s) engaged by the Company shall provide legal opinions on following issues, and public announcements shall be made on such legal opinions:

- (1) Whether or not the convening and holding procedures of the meetings comply with laws, administrative regulations, and these Articles of Association;
- (2) Whether or not the qualifications of attending shareholders and the convener are legal and effective.
- (3) Whether or not the voting procedures and voting results are legal and effective
- (4) Legal opinions made for other related issues at the request of the Company.

Section III Convening of the Shareholders' Meeting

Article 46 Independent director(s) shall have the right to propose to the board of directors to hold an interim Shareholders' Meeting, for which the board of directors shall make a written feedback within 10 days from the receipt of such proposals whether or not it agrees to hold an interim Shareholders' Meeting in accordance with laws, administrative regulations and these Articles of Association.

If the board of directors agrees to hold an interim Shareholders' Meeting, it shall issue a Notice of the Shareholders' Meeting within 5 days after relevant board resolution has been made. In case that the board of directors disagrees to hold such an interim Shareholders' Meeting, it shall give reasons and make public announcement.

Article 47 The board of supervisors has the right to propose to the board of directors in written forms to hold an interim Shareholders' Meeting. The board of directors shall make a written feedback within 10 days from receipt of such proposals whether or not it agrees to hold such an interim Shareholders' Meeting in accordance with laws, administrative regulations and these Articles of Association.

If the board of directors agrees to hold an interim Shareholders' Meeting, it shall issue a notice of the interim Shareholders' Meeting within 5 days after relevant board resolution has been made. Any alteration to the previous proposals in the said notice shall be agreed on by the board of supervisors.

If the board of directors disagrees to hold an interim Shareholders' Meeting, or fails to make feedback within 10 days after the receipt of the proposal, it shall be seen as the inability or failure of the board of directors to perform its duties of convening the Shareholders' Meeting, and in that case, the board of supervisors may convene and preside over the Shareholders' Meetings itself.

Article 48 The shareholders solely or jointly holding more than 10% of company shares shall have the right to ask the board of directors in written forms to hold an interim Shareholders' Meeting. The board of directors shall make a written feedback within 10 days from the receipt of such proposal whether or

not it agrees to hold such an interim Shareholders' Meeting in accordance with laws, administrative regulations and these Articles of Association.

In case that the board of directors agrees to hold an interim Shareholders' Meeting, it shall issue a notice of an interim Shareholders' Meeting within 5 days after relevant board resolution has been made. Any alteration to the previous proposals in the said notices shall be agreed on by the relevant shareholders.

In case that the board of directors disagrees to hold an interim Shareholders' Meeting, or fails to make feedback within 10 days after the receipt of the proposals, The shareholders solely or jointly holding more than 10% of company shares shall have the right to make written proposal to the board of supervisors to hold an interim Shareholders' Meeting.

In case that the board of supervisors agrees to hold an interim Shareholders' Meeting, it shall issue a notice of an interim Shareholders' Meeting within 5 days after receipt of the relevant proposal. Any alteration to the previous proposals in the said notices shall be agreed on by relevant shareholders.

In case that the board of supervisors fails to issue notice of meetings within the stipulated period, it shall be seen as the failure of the board of supervisors to perform its duties of convening the Shareholders' Meetings, and the shareholders solely or jointly holding more than 10% company shares for more than 90 consecutive days shall have the right to convene and preside over an interim Shareholders' Meeting.

Article 49 In case that the board of supervisors or the relevant shareholders have decided to convene a Shareholders' Meeting, they shall notify the board of directors in written forms; at the same time, the written notices shall be sent for records to the authorities of China Securities Regulatory Commission in the district where the Company is located and the Stock Exchange.

Before issuing public announcements on the resolutions or Shareholders' Meetings, the convening shareholder(s) shall hold at least 10% of company shares.

While issuing notices of Shareholders' Meetings and public announcements on the resolutions made by Shareholders' Meetings, the convening shareholder(s) shall submit relevant evidentiary materials to the authorities of China Securities Regulatory Commission in the district where the Company is located and the Stock Exchange.

Article 50 For the Shareholders' Meetings convened by the board of supervisors or shareholders, the board of directors and the secretary of the board of directors shall cooperate with the board of

supervisors or relevant shareholders, and the board of directors shall provide the list of shareholders at the date of record.

Article 51 The Company shall bear relevant expenses incurred in Shareholders' Meetings convened by the board of supervisors or relevant shareholder(s).

Section IV Motions and Notice of the Shareholders' Meeting

Article 52 The content of motions (proposals) of the Shareholders' Meeting shall be within the limits of the functions and powers of the Shareholders' Meeting. The motions (proposals) shall have definite topics for discussion and detailed to-be-decided matters, and comply with laws, administrative regulations and these Articles of Association.

Article 53 Upon holding the Shareholders' Meetings, the board of directors, the board of supervisors, and the shareholder(s) solely or jointly holding more than 3% of company shares shall have the right to raise motions proposals to the Company.

The shareholders solely or jointly holding more than 3% company shares may, within 10 days before starting of the Shareholders' Meeting, raise written interim proposals and submit them to the meeting convener. The convener shall, within 2 days after the receipt of the said interim proposals, issue a supplementary notice of the Shareholders' Meetings announcing content of the interim proposals.

With the exception of the cases stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice, or increase new proposals after issuing of the notice of the Shareholders' Meeting.

As for proposals not listed in the notice of Shareholders' Meetings or motions (proposals) not complying with the Article 52 hereof, the shareholders shall not vote on relevant proposals or make resolutions in the Shareholders' Meetings.

Article 54 The convener shall notify all shareholders of the annual Shareholders' Meetings by making a public announcement 20 days before holding of the meeting; the convener shall notify all shareholders of the interim Shareholders' Meeting by making a public announcement 15 days in advance.

Article 55 The notice of the Shareholders' Meeting shall include the following contents:

(1) The time, venue and duration of the meeting;

- (2) The matters and proposals to be submitted for deliberation in the Meeting;
- (3) Obvious written directions in the Notice: All shareholders have the right to attend the Shareholders' Meetings, and may authorize their representatives in writing forms to attend the meetings, and vote on their behalf. The representatives of shareholders are unnecessarily company shareholders;
- (4) The date of record for shareholder(s) who have the right to attend Shareholders' Meetings;
- (5) The name and phone number of the permanent contact person for meeting affairs;

Article 56 If in the Shareholders' Meeting, matters on election of directors and supervisors are to be discussed, personal details on candidates for directors and supervisors shall be fully disclosed in the notice of Shareholders' Meetings, which shall at least include the followings:

- (1) Personal information such as educational background, work experience, concurrent posts, etc.
- (2) Association with the company or its controlling shareholder(s) and actual controller(s):
- (3) Disclosure of quantities of company shares they hold;
- (4) Whether or not they have received punishment from China Securities Regulatory Commission and other related departments, or warnings from the Stock Exchange

With the exception of the elections of directors and supervisors through cumulative voting, each candidate for director and supervisor shall be proposed in a single motion.

Article 57 After issuing of the notice of the Shareholders' Meeting, the Shareholders' Meeting shall not be postponed or canceled without justified reasons, and the proposals listed in the said notice shall not be canceled without justified reasons. If the Shareholders' Meetings have to be postponed or canceled, the convener should make public announcements and give reasons at least 2 working days before the previously fixed meeting holding day.

Section V Holding of the Shareholders' Meeting

Article 58 The board of directors and other convener(s) shall take necessary measures to ensure a normal order of the Shareholders' Meetings. The board of directors and other convener(s) shall take measures to stop actions, such as disturbing Shareholders' Meetings, trying to pick quarrels, infringement of shareholders' legitimate rights and interests, etc., and timely report such cases to the responsible governmental authorities.

Article 59 All the shareholders or their representatives registered at the dates of record have the right to

attend the Shareholders' Meetings and exercise voting right in accordance with related laws, regulations and these Articles of Association.

The shareholders may personally attend Shareholders' Meetings or authorize their representatives to attend the meeting and vote on his (her) behalf.

Article 60 Individual shareholders attending meetings in person shall present their ID Cards or other valid documentation or stock account cards to certify their status, and the authorized representatives attending meetings shall present their effective identity cards, and the Power of Attorney issued by the shareholders.

For legal entities as shareholders (institutional shareholders), the legal representatives or agents authorized by the legal representatives shall attend the meeting. The legal representatives attending meetings shall present his (her) ID card or other effective document certifying his (her) qualification as legal representatives; the authorized agents attending the meeting shall present his (her) ID card and the written power of attorney legally issued by the legal representative of institutional shareholders.

Article 61 The power of attorney, in which agents (representatives) are authorized by shareholders to attend Shareholders' Meetings shall have the following contents:

- (1) Name of the agents (representatives);
- (2) Whether the agents (representatives) have the voting right or not;
- (3) Instructions for "yea", "veto" or "abstention" for each matter to be examined and discussed in the Shareholders' Meetings;
- (4) Issue dates and effective periods of the power of attorney;
- (5) Signatures (or seals) of the principals, or official stamps of the principals as institutional (corporate) shareholders;

Article 62 The power of attorney shall indicate whether the representatives have the right to vote at his (her) own will in case no specific instructions have been made by the principals.

Article 63 If the Power of Attorney for acting voting rights has been signed by other person authorized by the principals, the Letter of Authorization for signing the "Power of Attorney for Acting Voting Rights" or other authorization documents must be notarized.

The notarized Letter of Authorization for signing the "Power of Attorney for Acting Voting Rights" or other authorization documents and the Power of Attorney for Acting Voting Rights shall be kept together in the domicile of the Company or other places designated in the notice of meeting.

If the principal is a legal entity (institutional shareholder), the legal representative or another person authorized by the board of directors or other decision-making body shall attend Shareholders' Meetings on behalf of the institutional shareholder.

Article 64 The register book of persons attending meetings shall be made by the Company. In the said register book, the names of persons attending the meeting (or name of organizations), ID Card No., addresses, quantity (amount) of shares with voting rights held by the shareholders or their authorized representatives, and names (or organization names) of the principals shall be recorded.

Article 65 The convener and lawyer(s) engaged by the Company shall jointly verify the legality of shareholders' qualifications in accordance with the list of shareholders provided by the securities registration and clearing institution, and then register the names of shareholders and the number of shares with voting rights.

Before the moderator announces the total number of attending shareholders or their authorized representatives, and the total number of shares they hold with voting right, the meeting registrations shall be terminated.

Article 66 All directors, supervisors, and the secretary of the board of directors shall attend the Shareholders' Meeting. The general manager and other senior managers shall attend Shareholders' Meetings as non-voting delegates.

Article 67 Shareholders' Meetings shall be presided over by the President of the Board. In case that the President cannot or fails to preside over the meeting, a director recommended by more than 50% directors shall preside over the said meeting.

The Chairperson of the board of supervisors shall preside over Shareholders' Meetings convened by the board of supervisors. In case that the Chairperson of the board of supervisors cannot or fails to preside over the meeting, the vice Chairperson of the board of supervisors shall preside over the meeting. In case that the vice Chairperson of the board of supervisors cannot or fails to preside over the meeting, a supervisor recommended by more than 50% supervisors shall preside over the meeting.

The convener(s) shall recommend representative to preside over the said the shareholders' meetings convened by the shareholders themselves.

If the moderator breaks rules of procedure so that the Shareholders' Meeting cannot be continued, the Shareholders' Meeting may recommend one person as the new moderator to continue the meeting upon agreement of attending shareholders with over 1/2 voting rights in the meeting.

Article 68 The Company shall make detailed rules of procedure of Shareholders' Meetings, specifying the convening and voting procedures of the meeting, including notification, registration, deliberation of proposals/motions, voting, count of votes, announcement of voting results, formation of resolution, minutes and signing of minutes, public announcement, etc., as well as the principles of authorizations of Shareholders' Meetings to the board of directors. The content of authorizations shall be definite and concrete. The rules of procedure of Shareholders' Meetings shall be seen as appendixes to these Articles of Association, and shall be drafted by the board of directors and approved by Shareholders' Meetings.

Article 69 In the annual Shareholders' Meeting, the board of directors and the board of supervisors shall make work report to Shareholders' Meetings on their work in the past year. Each independent director shall also make a work report.

Article 70 Directors, supervisors and senior managers shall make explanations and statements for inquiries and suggestions addressed by the shareholders in Shareholders' Meetings.

Article 71 Before voting, the moderator shall announce the total number of attending shareholders or their authorized representatives and the total number of shares they hold with voting rights. For the actual number of attending shareholders or their authorized representatives and the actual number of shares they hold with voting rights, see records of registration in the meeting.

Article 72 The secretary of the board of directors shall be responsible for minutes of Shareholders' Meetings. The minutes shall include the following contents:

- (1) The time, venue and agenda of the meeting, and the name of the convener(s);
- (2) The names of the moderators and the attending directors, supervisors, general manager and other senior managers (respectively as voting or nonvoting delegates) ;
- (3) The total number of attending shareholders and their authorized representative, total number of shares they hold with voting rights, and their proportions in the total number of shares of the company;
- (4) The course of deliberation on each proposal, main points of speeches and voting results;
- (5) Shareholders' queries or suggestions, and corresponding replies or explanations;
- (6) The names of the lawyer(s), tellers and scrutineers;
- (7) Other contents to be recorded into the minutes as specified by these Articles of Association.

Article 73 The convener(s) shall ensure that the minutes of the meeting are true, accurate and complete. Attending directors, supervisors, secretary of the board of directors, convener(s) or their representatives,

and the moderator shall sign on the minutes.

The minutes shall be kept, together with the signing book of attending shareholders, the power of attorney for representatives to attend the meeting and effective materials on results of network voting or voting in other modes, etc., for no less than 10 years.

Article 74 The convener(s) shall ensure the continuity of the Shareholders' Meeting till the final formation of resolution(s). In case of interruptions of Shareholders' Meetings or failure to make resolution(s) due to specific causes such as the force majeure, necessary measures shall be taken to restore Shareholders' Meetings as soon as possible, or to terminate the meetings directly, and make public announcement timely. The convener(s) shall, at the same time, report the case to the Stock Exchange and the authorities of China Securities Regulatory Commission in the district where the Company is located.

Section VI Voting and Resolutions of the Shareholders' Meeting

Article 75 The resolutions of Shareholders' Meetings are divided into general resolutions and special resolutions.

General resolutions made by the Shareholders' Meeting shall be passed by attending shareholders (including their authorized representatives) representing over 1/2 of the voting rights held by the shareholders (including their authorized representatives) in the meeting.

Special resolutions made by the Shareholders' Meeting shall be passed by attending shareholders (including their authorized representatives) representing over 2/3 of the voting rights held by the shareholders (including their authorized representatives) in the meeting.

Article 76 The following items shall be passed by the Shareholders' Meeting as general resolutions

- (1) The work reports made by the board of directors and the board of supervisors;
- (2) The profit distribution scheme and loss-covering scheme drafted by the board of directors;
- (3) Appointment or dismissal of members of the board of directors and the board of supervisors, their remunerations, and the mode of payment of remunerations;
- (4) The schemes of annual budget and final accounts of the company;
- (5) The annual report of the company;
- (6) Other items excluding those to be passed as special resolutions in accordance with laws,

administrative regulations or the Articles of Association;

Article 77 The following items shall be passed by the Shareholders' Meeting as special resolutions:

- (1) Increase or decrease of the registered capital of the Company;
- (2) Division, merger, dissolution or liquidation of the Company;
- (3) Amendments to the Articles of Association;
- (4) The amount of major assets purchased or sold within one year, or the amount of guarantees tendered by the Company within one year exceeds 30% of the total assets of the company audited in the latest period;
- (5) The stock option incentive plan;
- (6) Other matters specified by laws, administrative regulations or these Articles of Association, or other matters affirmed to have significant impact on the company and therefore to be passed as special resolutions according to general resolution passed by Shareholders' Meetings.

Article 78 The shareholders (including their authorized representatives) shall exercise their voting rights in the Shareholders' Meeting in proportion to the number of shares they hold with voting rights. Each share is equivalent to one vote.

Upon deliberation of major events which might have influence on the interests of medium and small investors, the votes of medium and small investors shall be counted separately. The results of votes counted separately shall be timely disclosed. The shares held by the Company shall have no voting rights, and are not calculated in the total shares with voting rights held by attending shareholders.

The board of directors, independent director(s) and shareholder(s) who match relevant conditions may collect the voting rights from shareholders in public. While collecting the voting rights from shareholders, detailed information such as voting intention shall be fully disclosed to those shareholders from whom the voting rights are to be collected. However, such collections of voting rights shall not be made in a paid way, or in a disguised paid way. The Company shall not make restrictions on the minimum shareholding ratio in collection of voting rights.

Article 79 Upon deliberation of related transactions in the shareholders' meeting, related shareholder(s) are not allowed to vote on such matters. The shares with voting rights held by such related shareholder(s) shall not be calculated into the total effective shares with voting rights. The public announcements on resolutions passed by the Shareholders' Meeting shall fully disclose the results of voting by non-related shareholders.

Withdrawal and voting procedure of related shareholders upon deliberation of related transactions:

1. If there exists relationship between a shareholder and a matter to be deliberated by the Shareholders' Meeting, the relevant shareholder shall disclose to the board of directors the relationship before starting of the Shareholders' Meeting;
2. Upon deliberation of related transactions in the Shareholders' Meeting, the moderator of the meeting shall announce the name of the related shareholder and make explanations on the relationship between the related shareholder and related transaction;
3. The moderator announces withdrawal of the related shareholder(s), and non-related shareholders shall deliberate and vote on the related transactions;
4. Resolutions on related transactions shall be passed by non-related shareholders exceeding 1/2 of all the voting rights held by non-related shareholders present in the meeting.
5. If the related shareholder(s) failed to disclose the relationship or withdraw according to above procedures, all resolutions passed on the related matters (transactions) would be invalid, and shareholders should re-vote on relevant matters.

Article 80 Under prerequisites that legality and effectiveness of Shareholders' Meetings are ensured, the Company shall, by all means, provide convenience for shareholders to attend Shareholders' Meetings, including providing modern information technology such as the network voting platform.

Article 81 Unless the Company is under special circumstances such as crises, the Company shall not sign with anyone other than directors, general manager or other senior managers contracts entrusting him (her) with the entire or important business without approval of the Shareholders' Meeting in a special resolution.

Article 82 A list of candidates for directors and supervisors shall be submitted to Shareholders' Meetings for voting in the form of motions /proposals.

In accordance with these Articles of Association or resolutions passed by Shareholders' Meetings, the cumulative voting system can be adopted in the elections of directors and supervisors.

Methods and procedures of nominations of candidates for directors and supervisors:

- (1). The candidates for non-Independent Directors shall be nominated by the board of directors and shareholders solely or jointly holding over 3% of total issued company shares with voting rights. The candidates for Independent Directors shall be nominated by the board of directors, the

board of supervisors and shareholders solely or jointly holding over 1% of total issued company shares with voting rights. The qualifications of candidates shall be verified by the board of directors; once the candidates for directors pass the qualification examination, the lists shall be submitted to the Shareholders' Meeting for elections.

(2). The candidates for Supervisors shall be nominated by the board of supervisors and shareholders solely or jointly holding over 3% of total issued company shares with voting rights. The qualifications of candidates shall be verified by the board of supervisors; once the candidates for supervisors pass the qualification examination, the lists shall be submitted to the Shareholders' Meeting for elections.

(3). The supervisor served by representative of employees shall be elected by the congress of workers and staff. The supervisor elected by the congress of workers and staff shall become a member of the board of supervisor directly.

The cumulative voting system mentioned in the above paragraph means that, each share owns the same number of votes as that of to-be-elected directors or supervisors, and the voting rights of shareholders can be used in a centralized way. The Board of Directors shall make announcements to shareholders on resumes and profiles of candidates for directors and supervisors.

Under the cumulative voting system, the voting rights owned by a shareholder shall be: *the number of shares he (she) as a shareholder holds X the number of to-be-elected directors or supervisors.*

The shareholder may use his (her) votes (voting rights) collectively for only one candidate, or use his (her) votes (voting rights) separately for several candidates. The directors and supervisors successfully elected shall be listed according to the number of votes they have received (sequenced from high to low).

In the shareholders' meeting, in which directors and supervisors are to be elected, the secretary of the board of directors shall explain to shareholders the detailed contents and voting rules of the cumulative voting system, informing shareholders of the actual number of votes (voting rights) owned by each share in election of directors and supervisors. While implementing the cumulative voting system, the voting shareholders must give clear indications on the ballot ticket of all directors and supervisors he (she) will elect, and the number of votes he (she) will cast for each director /supervisor. In case the total number of votes (voting rights) used by the shareholder in

the ballot ticket has exceeded the number of voting rights legally owned by the same shareholder, the ballot should be invalid. While counting votes, the votes won by each candidate for director/supervisor shall be calculated, and then the directors/supervisors-elect shall be fixed.

The election of independent directors shall also be applicable to this clause. The independent directors and other directors shall be elected separately, so as to ensure the ratio of independent directors in the board of directors.

Article 83 Except the cumulative voting system, shareholders shall vote on all motions/proposals one by one in Shareholders' Meetings. In case different motions/proposals have been made on the same issue, they shall be voted in chronological orders according to the time when the motions were proposed. With the exception of the interruptions of Shareholders' Meetings or failure to make resolution due to specific causes such as the force majeure, Shareholders' Meetings shall not shelve any proposals or refuse to vote on any proposals.

Article 84 Upon deliberations, the Shareholders' Meeting shall not modify any motions/proposals; otherwise it shall be seen as new motions/proposals and shall not be voted in the same Shareholders' Meeting.

Article 85 For the same voting right, only one voting form (on-site voting, internet voting or other voting forms) may be chosen. In case that repeated voting occurs for the same voting right, the result of the voting in the first time shall prevail.

Article 86 Disclosed ballots shall be adopted by Shareholders' Meetings in voting.

Article 87 Before voting on relevant proposals, two representatives of shareholders shall be recommended to serve as the teller and the scrutineer respectively. Upon examination of matters which have interested relationship with shareholder(s), the related shareholder(s) and their authorized representatives shall not participate in the counting of votes or scrutinizing of balloting.

While voting on proposals in Shareholders' Meetings, lawyer(s), shareholders' representatives and supervisors' representative(s) shall be jointly responsible for counting votes and scrutinizing balloting, and announce voting results on the spot. The voting results of resolution(s) shall be recorded in minutes of Shareholders' Meetings.

Shareholders or their authorized representatives who vote online or in other forms shall have the right to check their voting results through corresponding balloting systems.

Article 88 The ending time of the on-site Shareholders' Meeting shall not be earlier than that of the

network voting (or other forms). The moderator shall announce particulars and results of voting for each proposal, and announce whether proposals are passed or not based on the voting results.

Before official announcements of the voting results, the listed company, the teller, the scrutineer, the shareholders and their representatives, the network service provider, etc., involved in the spot voting, network voting and other forms of voting in the Shareholders' Meeting shall keep secrets of particulars and results of the voting.

Article 89 Shareholders attending the shareholders' meeting express one of the following opinions on the proposals submitted for voting: yea, veto or abstention. Except the Securities Depository and Clearing Organ, as nominal holder of shares of Mainland China-Hong Kong Stock Connect Program, who made declarations according to intentions of the actual holders

Unfilled, mistaken, unidentifiable or unused voting ballots shall be deemed as abstentions from voting, and the voting results of the shares shall be counted as "abstention".

Article 90 In case that the moderator is doubtful about voting results, he (she) may re-count the cast ballots. In case that the moderator fails to count the ballots, and any of attending shareholders or their authorized representatives have objections to the results announced by the moderator, the shareholders or their authorized representatives shall have the right to ask for re-counting of the ballots immediately after the announcement of the voting results, and the moderator shall immediately organize the counting of the ballots.

Article 91 Public announcements shall be timely issued for resolutions passed by Shareholders' Meetings. In public announcements, the total number of attending shareholders and their authorized representatives, the total number of shares with voting rights held by attending shareholders and authorized representatives and their proportion in the total shares of the Company with voting rights, the voting forms, the voting result for each proposal and detailed contents of each resolution passed shall be listed.

Article 92 Proposals not passed by the meetings, and resolutions passed by the last meeting but changed in this meeting shall be especially indicated in the public announcement on the resolutions passed by Shareholders' Meetings.

Article 93 In case that Shareholders' Meetings have passed proposals on elections of directors and supervisors, the terms of office of the new directors and supervisors shall start from the dates of passing the relevant resolutions, up to expiration of the terms of office of that board of directors or

board of supervisors.

Article 94 For the proposals passed by Shareholders' Meetings regarding distribution of cash dividend, stock dividend, or share capital increased and transferred from capital reserves, the Company shall implement detailed schemes within 2 months after the end of the Shareholders' Meeting.

Chapter V Board of Directors

Section I Directors

Article 95 Company directors are natural persons. Natural persons shall not be elected as directors in any one of the following cases:

- (1) Those who have no capacity for civil conducts or have limited capacity for civil conducts;
- (2) Those who had been sentenced to imprisonment due to corruption, bribery, embezzlement, misappropriation of properties, or destruction of order of socialist market economy (within 5 years after having served the full term of a sentence), or those who had been deprived of political rights for committing crimes (within 5 years after expiration of the execution period) ;
- (3) Those who served as company directors, factory directors or General Managers of bankrupted and liquidated companies or enterprises, bearing individual responsibilities for bankruptcies of the said companies or enterprises (within 3 years after completion of liquidation of the said bankrupt company or enterprise) ;
- (4) Those who once served as legal representatives of companies or enterprises revoked of business licenses and ordered to be closed down due to violation of laws, thus bearing individual responsibilities for the said companies or enterprises (within 3 years after the revocations of business licenses of the companies or enterprises) ;
- (5) Those who have not paid off their matured personal debts in large amounts;
- (6) Those who have been banned from entries into securities markets by China Securities Regulatory Commission, and the period has not expired;
- (7) Other cases specified by laws, administrative regulations or governmental rules.

Elections or appointments of those who have violated the above clauses as company directors are invalid. Those directors who have violated this clause in their valid terms of office would be dismissed by the Company.

Article 96 Directors shall be elected or replaced by the Shareholders' Meetings. Directors may be

re-appointed consecutively after winning reelections. Before the expiration of their 3-year terms of office, directors shall not be dismissed unreasonably by Shareholders' Meetings.

The terms of office of directors shall be calculated from the date of taking office up to expiration of the term of office of that board of directors. In case that new directors were not timely reelected upon the expiration of the term of office, old directors should still perform their duties in accordance with laws, administrative regulations, rules and these Articles of Association before the new directors took office.

Directors may hold concurrent posts as the general manager or other senior managers; however, the number of directors who hold concurrent post as the general manager or other senior managers or directors served by representatives of employees shall not exceed 1/2 of all the directors in the Company.

Article 97 Directors shall abide by laws, administrative regulations and these Articles of Association, and fulfill the following duties of loyalty to the Company:

- (1) Directors shall neither accept bribes or other illegal incomes nor embezzle properties of the Company by taking advantage of their positions and power in the company;
- (2) Directors shall not misappropriate the funds of the Company;
- (3) Directors shall not deposit assets or funds of the Company under their names or under other persons' names;
- (4) Without consent of Shareholders' Meetings or the board of directors, directors shall not violate these Articles of Association and lend company funds to others, or tender guarantee for others with the company property;
- (5) Without consent of Shareholders' Meetings, directors shall not violate these Articles of Association and sign contracts or conduct transactions with the Company;
- (6) Without consent of Shareholders' Meetings, directors shall not, for the sake of themselves or for others, figure for business opportunities which might have belonged to the Company, by taking advantage of their positions and the power in the Company, or conduct for themselves or for others any business similar to that of the Company;
- (7) Directors shall not accept any commission for transactions with the Company;
- (8) Directors shall not disclose the secrets of the Company without authorization;
- (9) Directors shall not harm the benefits of the Company by utilizing their association relationships;
- (10) Other duties of loyalty specified by laws, administrative regulations, rules and these Articles of

Association.

Any income received by directors by violation of this article shall belong to the Company; and the directors shall compensate for any losses caused to the company.

Article 98 Directors shall abide by laws, administrative regulations and these Articles of Association and fulfill the following duties of diligence to the company:

(1) Directors shall discreetly, seriously and diligently exercise the rights granted by the Company, ensuring that the commercial activities of the Company comply with laws, administrative regulations and state economic policies, and do not go beyond the business scope specified in the business license;

(2) Directors shall fairly treat all the shareholders;

(3) Directors shall timely know about the conditions of business operations and management of the company;

(4) Directors shall issue written confirmations for the periodical reports of the Company, ensuring that the information disclosed by the Company is true, accurate and complete;

(5) Directors provide necessary particulars and materials to the board of supervisors according to the facts, and shall not hinder the board of supervisors or supervisors from performing their duties;

(6) Other duties of diligence as specified by laws, administrative regulations, rules and these Articles of Association.

Article 99 In case that a director neither attends board meetings personally for 2 consecutive times, nor authorizes other directors to attend the board meeting on his (her) behalf, it shall be seen as his (her) incapability of performing duties, and the board of directors shall suggest Shareholders' Meetings to dismiss and replace the director.

Article 100 Directors may resign before the expiration of the terms of office. Written resignations shall be submitted to the board of directors, and the board of directors shall disclose relevant information within 2 days.

In case that the resignations of directors make the number of board members below the quorum, incumbent directors shall still fulfill their obligations pursuant to laws, authority regulations and these Articles of Association before assumption of duty by the new directors.

Except the case in the last paragraph, the resignations of directors shall take effect immediately when the resignation reports are delivered to the board of directors.

Article 101 Once the resignations of directors come into effect or the terms of office expire, directors

shall go through all hand-over procedures with the board of directors; the directors shall not be released automatically from their duties of loyalty to the Company and the shareholders after expiry of their terms of office, and the duties of loyalty shall remain valid within a reasonable period as stipulated by these Articles of Association. The duties of keeping business secrets of the Company remain valid until the secrets become open to the public. The duration of other duties shall depend on the principle of fairness, the interval between the event occurrence and the resignation, and the situation and conditions under which the relationship with the Company was terminated.

Article 102 Without legal authorizations of these Articles of Association or the board of directors, no directors are allowed to act on behalf of the company or the board of directors in his (her) own name. While acting in his (her) name, the director shall at first declare his own standpoint and status if any third party is reasonably convinced that the director is acting on behalf of the company or the board of directors.

Article 103 Directors who break laws, administrative regulations, rules or these Articles of Association while performing their duties thus incurring losses to the Company shall bear the liability of compensation.

Article 104 Independent directors shall act in accordance with relevant laws, administrative regulations and governmental rules.

Section II Board of directors

Article 105 The Company has a board of directors, which is answerable to the Shareholders' Meeting.

Article 106 The board of directors has 9 directors, including one President of the board and 3 independent directors.

Article 107 The board of directors shall exercise following powers:

- (1) To convene the Shareholders' Meeting and report work to it;
- (2) To implement resolutions passed by Shareholders' Meetings;
- (3) To decide on the business plans and investment scheme of the Company;
- (4) To work out annual budgets and final accounting schemes for the company;
- (5) To work out profit distributions and loss-covering schemes of the Company;
- (6) To work out schemes on increase or decrease of the registered capital, issuance of corporate bonds and other securities, and the schemes on listing of the Company;

- (7) To draft schemes for the major acquisitions, repurchase of company shares, or merger, division or dissolution of the Company, or change of form of the Company;
- (8) To decide on issues such as investment, acquisitions and sales of assets, mortgages of assets, external guarantees, entrusted assets management and related transactions within the scope authorized by Shareholders' Meetings;
- (9) To decide on establishment of the internal management mechanism of the Company;
- (10) To appoint or dismiss the general manager and the secretary of the board of directors; to appoint or dismiss the deputy manager, chief financial officer (CFO) and other senior managers according to the nomination of the General Manager, and decide on their remunerations, awards and punishments;
- (11) To work out the basic management systems of the Company;
- (12) To work out the schemes on amendments to these Articles of Association;
- (13) To be responsible for information disclosure of the Company;
- (14) To propose to Shareholders' Meetings on appointments or replacements of accounting firm(s) responsible for auditing of the Company;
- (15) To listen to the reports made by General Manager of the Company and check his (her) work;
- (16) Other powers granted by laws, administrative regulations, rules, these Articles of Association or Shareholders' Meetings.

Article 108 The board of directors shall make explanations to Shareholders' Meetings regarding the non-standard audit opinions on financial reports of the Company issued by certified public accountants.

Article 109 The board of directors shall work out rules of procedures for the board meetings, in order to ensure that the board of directors can implement resolutions of Shareholders' Meetings, improve its work efficiency, and ensure scientific decision-making.

Article 110. The Board of Directors shall fix the limits of authority on investment, acquisitions and sales of assets, mortgages of assets, external guarantees, entrusted assets management and related transactions, establish strict examination and decision-making procedures; the board of directors shall organize relevant experts and professionals to make review on significant investment projects, and report such projects to the shareholders' meeting for approval.

Article 111 The board of directors shall have one president, who shall be elected by over half of all directors in the board of directors.

Article 112 The president shall exercise following functions and powers;

- (1) To preside over the Shareholders' Meeting and convene and preside over the board meetings;
- (2) To urge and check implementation of board resolutions;
- (3) To sign shares, corporate bonds and other valuable securities issued by the company;
- (4) To sign important documents of the board of directors and other documents ought to be signed by the legal representative;
- (5). To exercise functions and powers by the legal representative;
- (6) To exercise special disposal right in case of the force majeure such as big natural disaster, which shall comply with relevant laws and regulations, meet the interests of the company and afterwards be reported to the board of directors and Shareholders' Meeting;
- (7) Other functions and powers granted by the board of directors;

Article 113 In case that the president of the board cannot or fails to perform his (her) duties, a director recommended by the directors exceeding 1/2 of the total shall perform duties instead.

Article 114 The board of directors shall have at least 2 meetings annually, which are convened by the president of the board. All the directors and supervisors shall be notified in written form 10 days in advance.

Article 115 Shareholders representing over 1/10 voting right, over 1/3 directors, or the board of supervisors may propose an interim board meeting. Within 10 days from receipt of the said proposal, the president shall convene and preside over the board meeting.

Article 116 The board of directors shall notify all directors of the interim board meetings 5 days in advance by personal service, fax, e-mail, registered post, etc.

Article 117 The notice of the board meeting shall include the following contents:

- (1). The date and venue of the meeting;
- (2). The duration of the meeting;
- (3). The particulars of matters, and matters to be deliberated in the meeting (motions /proposals);
- (4). Issue date of the notice

Article 118 Board meetings shall be held with the attendance of at least half of all directors. Resolutions made in board meetings shall be passed by over half of all the directors.

One director shall have one vote in the voting on board resolutions.

Article 119 Directors who are related with the enterprises involved in board resolutions shall neither exercise voting rights on relevant resolutions, nor are they allowed to exercise voting

rights on behalf of other directors. Board meetings can be held only when it is attended by over half unrelated directors, and board resolutions shall be passed by over half of all unrelated directors. In case that the number of attending unrelated directors is below 3, the relevant matters shall be submitted to the Shareholders' Meeting for deliberation.

Article 120 Voting on the resolutions of board meetings can be made in written form.

Under prerequisites that all directors may fully express their opinions, resolutions can be made by faxes, which must be signed by all attending directors.

Article 121 Directors shall attend the board meetings in person; in case that a director is unable to attend the meeting, he (she) may authorize another director in a written form to attend the meeting on his (her) behalf. The representative's name, entrusted matters, scope of authorization and valid period shall be recorded in the Power of Attorney, and the principal shall affix his (her) signature or seal to the Power of Attorney. The directors who attend the board meeting on behalf of other directors shall exercise rights as directors within the scope of authorization. The directors who neither personally attend the meetings nor authorize representatives to attend meetings shall be seen as abstaining from voting in meetings.

Article 122 Minutes shall be made for decisions on matters deliberated in board meetings. Attending directors shall affix their signatures to the minutes.

The minutes of board meetings, as company dossiers, shall be kept for at least 10 years.

Article 123 Minutes of board meetings shall include the following contents:

- (1) The date and venue of the meeting and the name of the convener;
- (2) The names of attending directors and names of directors (representatives) authorized by other directors to attend the meeting;
- (3) The agenda of the meeting;
- (4) The main points of speeches made by the directors;
- (5) The voting formula and result of each item (The voting results shall indicate the ballots for "yea", "veto" or "abstention").

Chapter VI General Manager and other Senior Managers

Article 124 The Company has a General Manager, who shall be appointed or dismissed by the board of directors.

The Company has 4 deputy General Managers, appointed or dismissed by the board of directors.

The General Manager, the deputy General Manager, the secretary of the board of directors and the chief financial officer are senior managers of the Company.

Article 125 The conditions for disqualification of directors specified in Article 95 of these Articles of Association shall be applicable to senior managers.

The duty of loyalty (Article 97) and the duty of diligence (Article 98 (4-6)) for directors in these Articles of Association shall be applicable to senior managers.

Article 126 Those who hold posts other than directors in the entities of controlling shareholder(s) or actual controller(s) of the Company shall not serve as the senior managers of the Company.

Article 127 The General Manager may be reappointed upon expiration of his (her) 3-year term.

Article 128 The General Manager shall be answerable to the board of directors, and exercises the following and powers:

- (1) To conduct the production, operation and management work of the Company, organize implementation of board resolutions, and report work to the board of directors;
- (2) To organize implementation of annual business plans and investment schemes of the Company;
- (3) To work out schemes on setting of the internal management organs in the Company;
- (4) To work out the basic management systems of the Company;
- (5) To formulate specific rules of the Company;
- (6) To propose to the board of directors on appointment or dismissal of the vice General Manager and the chief financial officer of the Company;
- (7) To appoint or dismiss other managers other than those who should be appointed or dismissed by the board of directors;
- (8) Other powers granted by these Articles of Association or the board of directors.

The General Manager shall attend the board meetings without voting rights.

Article 129 The General Manager shall draft working rules of the General Manager, which shall be implemented after being approved by the board of directors.

Article 130 The working rules of the General Manager shall include the followings:

- (1) Conditions and procedures of holding the General Manager's office meetings, and the attending persons;
- (2) Assignment of responsibilities and division of work of the General Manager and other senior

managers;

(3) Limits of the authority on the utilization of funds and assets of the Company and signing of important contracts, and the systems of reporting to the board of directors and the board of supervisors;

(4) Other matters the board of directors deems as necessary.

Article 131 The General Manager may resign before expiration of his (her) term of office. The specific procedures and methods for resignation of the General Manager shall be fixed in the labor contract concluded between the General Manager and the Company.

Article 132 The Company may, based on its own condition, stipulate in the Articles of Association the procedures for appointment and dismissal of deputy general managers, relationship between deputy general managers and the General Manager and authorities of deputy general managers.

Article 133 The Listed Company has a secretary of the board of directors, who shall be in charge of preparations for Shareholders' Meetings and board meetings, taking care of documents, keeping materials of shareholders, and disclosure of information, etc.

The secretary of the board of directors shall comply with laws, administrative regulations, governmental rules and these Articles of Association.

Article 134 If the senior managers violate laws, administrative regulations, rules or these Articles of Association while performing duties, thus causing losses to the Company, they shall bear the liability of compensation to the Company.

Chapter VII Board of Supervisors Section I Supervisors

Article 135 The conditions for the disqualification of directors specified in the Article 95 of these Articles of Association shall be applicable to supervisors.

The Company directors, the General Manager and other senior managers shall not hold concurrent posts as the supervisors.

Article 136 Supervisors shall abide by laws, administrative regulations and these Articles of Association, and perform duties of loyalty and diligence to the Company. The supervisors shall not accept bribes or other illegal incomes or embezzle the properties of the Company by abusing their power in the Company.

Article 137 Each term of supervisors is three years; and supervisors may be reappointed consecutively after winning reelections upon the expiration of 3-year term.

Article 138 In case that, upon the expiration of terms of office, new supervisors are not timely reelected, or the supervisors' resignations in the terms of office make the number of supervisors below the quorum of the board of supervisors, former supervisors should still perform their duties in accordance with laws, administrative regulations and these Articles of Association before assumption of post by the newly elected supervisors.

Article 139 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

Article 140 Supervisors may attend the board meetings as nonvoting delegates, and address inquiries or give suggestions on the board resolutions.

Article 141 Supervisors shall not take advantage of their association relationships to harm the interests of the Company, and should bear the liability of compensation for any losses caused to the Company.

Article 142 The supervisors who break laws, administrative regulations, rules or these Articles of Association while performing their duties thus incurring losses to the Company shall bear the liability of compensation.

Section II Board of Supervisors

Article 143 The Company has a board of supervisors, which has 6 members, including 1 chairperson of the board of supervisors. The chairperson of the board of supervisors shall be elected by over half of all supervisors. The chairperson of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In case that the chairman cannot or fails to perform his (her) duties, a supervisor recommended by over half of all supervisors shall convene and preside over meetings of the board of supervisors.

The board of supervisors shall include shareholders' representatives and a reasonable proportion of employees' representative(s), in which the proportion of employees' representative(s) shall not be lower than 1/3. The members of employees' representative(s) as supervisor(s) shall be elected by the congress of workers and staff, general membership meeting or democratic elections in other forms.

Article 144 The board of supervisors shall exercise the following powers:

- (1) To examine the periodic reports compiled by the board of directors and put forward written opinions on such reports;
- (2) To check the financial work of the Company;
- (3) To supervise the acts of directors and senior managers in performing their duties, and suggest dismissing those who violate laws, administrative regulations, these Articles of Association or resolutions passed by Shareholders' Meetings;
- (4) To ask directors and senior managers to rectify their wrongdoings in case that their behaviors infringe upon the interests of the Company;
- (5) To propose convening an interim Shareholders' Meeting, and be responsible for convening and presiding over Shareholders' Meetings in case that the board of directors fails to do so;
- (6) Present proposals to Shareholders' Meetings;
- (7) To start proceedings against the directors and other senior managers in accordance with the Article 151 of the Company Law;
- (8) To make investigations in case that it finds anything abnormal in the business operation of the Company. If necessary, the board of supervisors may engage an accounting firm or law firm to assist it in its work, with relevant fees borne by the Company.

Article 145 Meetings of the board of supervisors shall hold at least once every 6 months. Supervisor(s) may propose holding interim meetings of the board of supervisors.

Resolutions of the board of supervisors shall be passed by over half supervisors.

Article 146 The board of supervisors shall work out rules of procedures for the meeting of board of supervisors and clarify the mode of discussing official business and voting procedures in the meeting, in order to ensure work efficiency scientific decision-making.

Article 147 Minutes shall be made for decisions on matters deliberated in meetings of the board of supervisors. Attending supervisors shall affix their signatures to the minutes.

Supervisors may ask the meeting recorder to make illustrative records in the minutes for their speeches in the meeting. The minutes of meetings of the board of supervisors, as company dossiers, shall be kept for at least 10 years.

Article 148 Notice of meetings of the board of supervisors shall include the following contents:

- (1) The date, venue and duration of the meeting
- (2) The cause and issues to be discussed in the meeting

(3) The times of notice

Chapter VIII Financial Accounting System, Distribution of Profit and Audit
Section I Financial Accounting System

Article 149 The Company shall, in accordance with relevant laws, administrative regulations and rules of governmental departments, set up its own Financial Accounting System.

Article 150 The Company shall submit its annual report to China Securities Regulatory Commission and the Stock Exchange within 4 months after the end of each fiscal year, submit its semi-annual report to the branch of China Securities Regulatory Bureau and the Stock Exchange within 2 months from the end of the first half of each fiscal year, and submit its quarterly report to the branch of China Securities Regulatory Bureau and the Stock Exchange within 1 month respectively from the end of the 3rd month and the 9th month of each fiscal year.

The above-mentioned financial reports shall be compiled in accordance with related laws, administrative regulations and governmental rules.

Article 151 Except the legal accounting books, the Company shall not establish other accounting books. The assets of the company shall not be deposited in any accounts opened in any individual's name.

Article 152 Upon distribution of after-tax profits of the year, the Company shall withdraw 10% of the profits as legal accumulation funds. It is not necessary to withdraw legal accumulation funds when the accumulative amount reaches 50% of the registered capital of the Company.

In case that the legal accumulation funds were insufficient to cover the losses of previous years, the profits of the year should be used firstly to cover the losses before withdrawal of legal accumulation funds in accordance with the preceding paragraph.

After withdrawal of legal accumulation funds from after-tax profits, the Company may also withdraw optional accumulation funds from after-tax profits according to resolutions passed by Shareholders' Meetings.

The remaining sum of after-tax profits after covering of losses and withdrawal of accumulation funds shall be distributed to shareholders in proportion to the shareholding ratio, unless otherwise stipulated by these Articles of Association.

In case that Shareholders' Meetings violate the above-mentioned clauses and distribute profits among shareholders before covering of losses and withdrawal of legal accumulation funds, the shareholders

shall return the illegally distributed profits to the Company.

Profits shall not be distributed to the shares held by the Company.

Article 153 The accumulation funds of the Company shall be used to cover losses, expand production scales, or increase the registered capital. However, the capital reserves shall not be used to cover losses. Upon transfer of the legal accumulation funds to the capital, the remaining sum of the legal accumulation fund shall not be lower than 25% of the registered capital prior to transfer of the accumulation fund to capital.

Article 154 Once a resolution has been passed by the Shareholders' Meeting on the scheme on profit distribution, the board of directors shall complete the distribution of cash dividends (or stock dividend) within 2 months after the Shareholders' Meetings.

Article 155 The Company shall implement an active profit distribution policy.

(One). Basic principles of the Company's profit distribution policy

1. Full considerations shall be taken by the Company for its sustainable development and reasonable return to investors. Under prerequisites that the parent company's undistributed profits are positive, the current net profits are positive, the cash flow meets demands of normal operations, and the company has no significant investment plan, the Company shall implement an active profit distribution policy.
2. The Company shall maintain continuity and stability of its profit distribution policy, giving consideration to long-term interest and sustainably development of the company, and overall interests of all shareholders.
3. The company shall give priority to the mode of distribution of profits in cash dividends, which shall comply with relevant provisions of law and regulations.

(Two). Detailed policies on profit distribution

1. Mode of profit distribution:

The Company may distribute dividends in cash, stock, or in the mode of combination of cash and stock.

Under prerequisites that relevant conditions on profit distribution are met, the Company shall in principle make annual profit distribution; if relevant conditions are met, the Company may also make interim profit distribution.

2. Conditions on Profit Distribution

When the net profit belonging to shareholders of the listed company realized in the current year is

positive, the Company may distribute dividends in cash, stock, or in the mode of combination of cash and stock.

3. Time of distribution of dividends:

Under prerequisites that relevant conditions on distribution of profits in cash dividends are met, the Company shall in principle make annual profit distribution in cash dividend once a year; the Company may also make an interim profit distribution.

4. The minimum ratio of profit distribution in cash dividend

Under prerequisites that relevant requirements of laws and regulations on profit distribution in cash dividend are satisfied, the cash flow can meet demands of normal operations, and the Company has no significant investment or cash payment plans, the Company shall actively make profit distribution in cash dividend, or in the mode of combination of cash and stock. The cash dividend shall not be less than 10% of the distributable profits realized in the current year. The accumulative amount of profits distributed in cash dividends in the past three years shall not be less than 30% of the average annual distributable profits realized in the past three years.

The board of directors shall, considering factors such as industry characteristics, the stage of development, the business model of the Company, profitability, arrangement of significant fund expenditures, etc., put forward differentiated policies on profit distributions in cash dividend according to procedures stipulated by these Articles Association.

(1) In case that the Company is in the stage of maturity, and has no arrangements of significant fund expenditures, the proportion of cash dividends in profit distributions shall be at least 80%;

(2) In case that the Company is in the stage of maturity, but has arrangements of significant fund expenditures, the proportion of cash dividends in profit distributions shall be at least 40%;

(3) In case that the Company is in the stage of growth, and has arrangements of significant fund expenditures, the proportion of cash dividends in profit distributions shall be at least 20%.

(4) In case that it is difficult to distinguish the stage of development, and the Company has arrangement of significant fund expenditures, it can be handled according to the preceding paragraph.

(Three). Decision-making Process for Profit Distribution Scheme

The profit distribution plan shall be submitted to the shareholders' meeting for deliberation after it has been agreed and passed by over half of all directors and over half independent directors. The independent directors shall express their independent opinions on the profit distribution plan. The

independent directors may also collect opinions from minority shareholders, put forward schemes on dividend distribution, and directly submit such schemes to the board of directors for deliberation. Before deliberation of detailed schemes on profits distribution by the shareholders' meeting, the company shall actively communicate with shareholders, especially minority shareholders, through different channels, listen to their opinions and demands and timely answer questions the minority shareholders are concerned with.

The profit distribution scheme shall be passed by shareholders representing over 2/3 voting rights held by all attending shareholders (including their representatives). The company shall provide minority shareholders with other voting forms, such as online voting, so as to provide minority shareholders with convenience to participate in voting in the shareholders' meeting.

If, in special circumstances, the company failed to make profit distribution in cash dividend, the company shall make special explanations on the exact purpose of retained earnings and estimated investment incomes. The special explanations shall be submitted to the shareholders' meeting for deliberation after independent director(s) has expressed their opinions.

The board of supervisors shall make deliberation on the profit distribution scheme drafted by the board of directors, which shall be passed by over half supervisors.

(Four). Modification of Profit Distribution Policy of the Company

If the profit distribution policy has to be adjusted due to significant change in external operating environment and its own management condition, the board of directors shall make a written argumentation report, explaining reasons for such adjustment. The report shall be submitted to the shareholders' meeting for deliberation after independent directors have expressed their opinions on it. The modification of profit distribution policy shall be passed by the shareholders' meeting as a special resolution.

In principle, the company shall make a plan on dividend returns every three years. In case of no significant change in business condition of the company, the profit distribution shall be made according to the plan on dividend returns most recently formulated or modified, and a new 3-year plan shall not be made.

(Five). If the company funds have been illegally occupied by company shareholder(s), the cash dividend received by relevant shareholder(s) shall be deducted upon profit distribution in cash dividend, so that the funds occupied by the shareholder(s) can be repaid.

Section II Internal Audit

Article 156 The Company shall implement an internal audit system, manned with professional auditors who shall make internal audits and supervision of financial revenue and expenditure and economic activities of the Company.

Article 157 The internal audit system and the job duties of the internal auditors of the Company shall be performed with approval of the board of directors. The person in charge of the audit work shall be answerable to the board of directors and report work to it.

Section III Appointment of Accounting Firm

Article 158 The Company shall appoint an accounting firm qualified to be engaged in securities-related businesses to audit its accounting statements, verify its net assets and offer other related consulting services. Accounting firms can be re-appointed upon expiration of 1-year employment period.

Article 159 The appointment of accounting firm must be decided by the Shareholders' Meeting. The board of directors shall not appoint an accounting firm before relevant decision has been made by the Shareholders' Meeting.

Article 160 The Company guarantees that all accounting vouchers, accounting books, financial reports and other accounting materials provided by the Company to the engaged accounting firm are true, accurate and complete, without refusals, concealment or misstatements .

Article 161 The audit expenses of the accounting firm shall be fixed by the Shareholders' Meeting.

Article 162 In case that the Company decides to dismiss or not to re-appoint an accounting firm, the Company shall notify the accounting firm 10 days in advance. Upon voting in the Shareholders' Meeting on dismissal of an accounting firm, the accounting firm is allowed to state its opinions.

In case that the accounting firm asks to discharge the appointment, it shall explain to the Shareholders' Meeting whether the Company has any misconduct or not.

Chapter IX Notice and Announcement

Section I Notice

Article 163 The Company shall send notices in the following forms:

- (1) By personal service;
- (2) By mails or E-mails;
- (3) By public announcements;
- (4) In other forms stipulated by these Articles of Association.

Article 164 In case that notices of the Company are issued in public announcements, once announced, it shall be deemed that all related persons have received the notice.

Article 165 Notices of Shareholders' Meetings shall be sent in the form in public announcements or in written forms.

Article 166 Notices of holding board meetings shall be delivered by fax, by mail, by E-mail, or by personal service.

Article 167 Notices of holding meetings of the board of supervisors shall be delivered by fax, by mail, by E-mail, or by personal service.

Article 168 If the notices are sent by fax or E-mail, the second day after sending the fax and E-mail shall be deemed as the date of service.

For the notice of the company sent by a specially-assigned person, the addressee shall affix his (her) signature (seal) to the return receipt. The date of signing (sealing) on the return receipt shall be deemed as the date of service.

For the notice sent by mail, the 7th working day after the said mail has been submitted to the post office shall be deemed as the date of service.

For the notice sent by public announcement, the first publishing day of the announcement shall be deemed as the date of service.

Article 169 If, due to accidental negligence, the meeting notice had not been sent to the person who has the right to get the said notice or the person has not received the said notice, the meeting and the resolution made in the said meeting should not hence become invalid

Section II Announcement

Article 170 The Company has designated one or several of Securities Times, China Securities Journal or Shanghai Securities News, and websites of www.cninfo.com.cn as media to publish its public announcements and disclose relevant information of the Company.

Chapter X Merger, Division, Increase/Decrease of Capital, Dissolution and Liquidation
Section I Merger, Division, and Increase/Decrease of Capital

Article 171 The merger of company can be in the forms of merger by absorption and merger by consolidation.

A merger by absorption is that one company absorbs another company, and the absorbed company is dissolved; a merger by consolidation is two or more than two companies merge into a new company, and all parties in the consolidation are dissolved.

Article 172 In case of merger of the Company, relevant parties shall sign a merger agreement, and compile a balance sheet and a list of properties. The Company shall notify its creditors within 10 days after relevant resolution on the merger of the Company has been passed, and make a public announcement within 30 days in a legally designated newspaper. The creditors may, within 30 days from receipt of the notice, or within 45 days from the issue date of the public announcement (In case that they fail to receive the notices) ask the Company to pay off debts or provide corresponding guarantees.

Article 173 After the merger of the Company, the creditor's rights and debts of relevant parties of the merger shall be assumed by the existing company or the newly established company after the merger.

Article 174 In case of division of the Company, the properties of the Company shall be divided correspondingly.

Upon division of the Company, the Company shall work out a balance sheet and a list of properties. The Company shall notify its creditors within 10 days after the resolution on the division has been made, and make a public announcement within 30 days in a legally designated newspaper.

Article 175 The debts of the Company before the division shall be borne jointly by the companies after the division, unless otherwise stipulated by written agreements regarding the redemption of debts signed between the creditors and the Company before the division.

Article 176 Upon decrease of the registered capital, the company must compile a balance sheet and a list of properties.

The Company shall notify its creditors within 10 days after relevant resolution on decrease of registered capital has been made, and make public announcement within 30 days in a designated newspaper. The creditors may, within 30 days from receiving the notice, or within 45 days from the

date of issue of the public announcement (In case that they fail to receive the notice) ask the company to pay off debts or provide corresponding guarantees.

After decrease of the capital, the registered capital shall not be lower than the minimum amount as stipulated by laws.

Article 177 In case of merger or division of the Company, or the registered items are changed, the Company shall go through procedures of registration of changes in the registration organ in accordance with laws; in case of dissolution of the Company, the Company shall go through procedures of cancellation according to laws; in case of establishment of a new company, the Company shall go through procedures of registration of establishment of a new company in accordance with law.

In case of increase or decrease to the registered capital, the Company shall go through procedures of registration of changes in accordance with laws.

Section II Dissolution and Liquidation

Article 178 In any one of following cases, the Company shall be dissolved:

- (1) Upon expiration of the operating term stipulated by these Articles of Association, or the occurrence of other causes for dissolution specified by these Articles of Association;
- (2) Dissolved according to a resolution passed by the Shareholders' Meeting;
- (3) Dissolved due to merger or division;
- (4) Business license revoked in accordance with laws, or the Company is ordered to be closed down or canceled;
- (5) Due to serious difficulties in business operations, the continued existence of the Company might cause heavy losses to interests of its shareholders, and it is impossible to solve the problem in other ways. The shareholders holding shares representing over 10% voting rights may ask the people's court to dissolve the Company.

Article 179 In case of item (1) in the Article 178 of these Articles of Association, the Company may continue its existence by amending these Articles of Association.

Amendments to these Articles of Association according to the preceding paragraph must be approved by shareholders representing over 2/3 voting rights in Shareholders' Meeting.

Article 180 In case that the Company shall be dissolved pursuant to (1), (2), (4) and (5) of Article 178 hereof, the company shall, within 15 days from occurrence of dissolution causes, form a liquidation

group to start liquidation work. The members of the liquidation group shall directors or persons designated by the Shareholders' Meeting. In case that no liquidation group is formed exceeding the time limit, the creditors may ask the people's court to appoint related persons to form a liquidation group.

Article 181 During the liquidation period, the liquidation group shall exercise the following powers:

- (1) To liquidate properties of the Company, and compile balance sheet and list of properties;
- (2) To notify creditors by notices or by public announcements;
- (3) To deal with unsettled business relevant to the liquidation of the Company;
- (4) To pay off unpaid taxes and tax generated in the liquidation process;
- (5) To settle debts and credits;
- (6) To dispose of the residual properties after paying off debts;
- (7) To participate in civil lawsuits on behalf of the Company.

Article 182 The liquidation group shall notify its creditors within 10 days from the date of establishment, and make a public announcement in a designated newspaper within 60 days. Creditors shall declare their creditor's rights to the liquidation group within 30 days from receipt of the said notice, or within 45 days from issue date of the public announcement (In case that the relevant notice are not received).

Upon declarations of creditors' rights, creditors shall explain relevant issues of the creditors' rights and provide proof materials. The liquidation group shall register creditors' rights.

During the declaration period for creditors' rights, the liquidation group shall not pay off debts to creditors.

Article 183 Upon liquidation of properties of the Company, the liquidation group shall compile a balance sheet and a list of properties, and then make a liquidation scheme, which shall be confirmed by Shareholders' Meetings or the People's Court.

Once liquidation expenditures, employees' wages/salaries, social insurances, legal compensations, unpaid taxes, and the debts of the Company are paid up, the residual properties shall be distributed to shareholders in proportion to their shareholding ratio.

During the liquidation period, the Company exists. However, the Company shall not carry out any business activities irrelevant to the liquidation. Before the above fees/expenses are paid up, the properties shall not be distributed to shareholders.

Article 184 In case that, upon liquidation and compilation of the balance sheet and list of properties, the liquidation group finds that the company properties were insufficient to pay off the debts, the liquidation group should apply for bankruptcy at the people's court.

Once the people's court announces bankruptcy of the Company, the liquidation group shall hand over the liquidation affairs to the people's court.

Article 185 After completion of the liquidation work, the liquidation group shall work out a liquidation report and submit it to Shareholders' Meetings or the people's court for confirmation. Then the liquidation group shall submit the report to the original Company registration authority, apply for cancellation of the company registration, and announce termination of the Company.

Article 186 The members of the liquidation group shall be devoted to their duties, and perform liquidation duties according to laws.

The members of the liquidation group shall not accept bribes or other illegal incomes by abusing their powers, nor embezzle the properties of the Company.

The members of the liquidation group who bring losses to the Company or creditors due to willful negligence or gross negligence shall bear the liability of compensation.

Article 187 In case of the adjudication of bankruptcy, the Company shall implement bankruptcy liquidation in accordance with relevant bankruptcy laws.

Chapter XI Amendment to the Articles of Association

Article 188 In any one of the following cases, the Company shall amend these Articles of Association:

- (1) In case of amendments of the Company Law or relevant laws and administrative regulations, these Articles of Association contradict with the amended laws or administrative regulations;
- (2) The situations of the Company have changed, and are inconsistent with the items recorded in these Articles of Association;
- (3) Amendments of these Articles of Association according to decisions made by the Shareholders' Meeting.

Article 189 In case that the amendments of these Articles of Association according to resolutions of Shareholders' Meeting shall be examined and approved by the competent authorities, they shall be examined and approved by the competent authorities; in case that registration items are involved, procedures of registration of changes should be handled in accordance with laws.

Article 190 The board of directors shall amend these Articles of Association in accordance the resolutions made by Shareholders' Meetings on amendments of these Articles of Association, and in accordance with the examination opinions of competent authorities.

Article 191 If the amendments of these Articles of Association belong to the information to be disclosed according to laws and regulations, they shall be disclosed and announced in accordance with laws and regulations.

Chapter XII Supplementary Provisions

Article 192 Definitions

(1) The controlling shareholder refers to the shareholder who holds more than 50% of Company shares; or, the shareholders with shareholding ratio below 50%, whose voting rights are enough to have significant influence on passing of resolutions in the Shareholders' Meetings.

(2) The actual controller: the person, though not a shareholder of the Company, being able to actually control the company through investment relationships, agreements or other arrangements.

(3) Association relationships: the relations between the controlling shareholder, the actual controller of the Company, directors, supervisors and senior managers of the Company and the enterprises directly or indirectly controlled by them, and other relationships which might result in the transfer of the interests of the Company. However, no association relation exists between state-holding enterprises merely due to the holding of shares by the state.

Article 193 The board of directors may, in accordance with these Articles of Association, draft detailed rules of these Articles of Association, which shall not be in contradiction with these Articles of Association.

Article 194 These Articles of Association shall be written in Chinese. In case of different meanings between these Articles of Association and those in any other languages, or the Articles of Association in different versions, these Articles of Association (Chinese version) most recently verified for registration by Zhejiang Administration for Industry and Commerce shall prevail.

Article 195 In these Articles of Association, 'More than' and 'Less than' include the numbers per se; 'below', 'beyond', 'lower than' and 'exceed' do not include the numbers per se.

Article 196 The board of directors shall be responsible for the interpretation of these Articles of Association.

Article 197 The appendices of these Articles of Association shall include: the rules of procedures of Shareholders' Meetings, the rules of procedures of board meetings, and the rules of procedures of meetings of the board of supervisors.

Article 198 The Articles of Association shall be implemented from the date of approval by the shareholders' meeting after deliberation.