Articles of Association of Hubei Sanonda Co., Ltd.



June 2018

(Amended)

Catalog

Chapter 1 General Provisions 1
Chapter 2 The Business Purpose and Scope of the Company 2
Chapter 3 Shares 3
Section 1 Share Offering 3
Section 2 Share Increase, Decrease and Repurchase 4
Section 3 Share Transfer 5
Chapter 4 Shareholders and Shareholders' meetings 6
Section 1 Shareholders 6
Section 2 General Provisions of Shareholders' Meetings 11
Section 3 Convening of Shareholders' meetings 14
Section 4 Proposal and Notice of Shareholders' meetings 16
Section 5 Holding of Shareholders' Meetings 18
Section 6 Vote and Resolution of Shareholders' meetings 22
Chapter 5 Board of Directors 29
Section 1 Directors 29
Section 2 Board of Directors 33
Chapter VI Party Committee 40
Chapter 7 President and CEO and Other Senior Executives 41
Chapter 8 Board of Supervisors 44
Section 1 Supervisors 44
Section 2 Board of Supervisors 45
Chapter 9 Financial and Accounting Systems, Profit Distribution and Auditing 47
Section 1 Financial and Accounting Systems 47
Section 2 Internal Audit 51
Section 3 Appointment of Accounting Firms 51
Chapter 10 Notices and Announcements 52
Section 1 Notice 52
Section 2 Announcement 53
Chapter 11 Merger/Consolidation, Spin-off, Capital Increase, Capital Reduction, Dissolution and Liquidation 53
Section 1 Merger/Consolidation, Spin-off, Capital Increase and Capital Reduction 53
Section 2 Dissolution and Liquidation 54
Chapter 12 Amendments to the Articles of Association 57
Chapter 13 Supplementary Provisions 58

Chapter 1 General Provisions

Article 1 These Articles of Association of Hubei Sanonda Co., Ltd. (hereinafter referred to as "company") are formulated pursuant to the Company Law of the People's Republic China (hereinafter referred to as "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as "Securities Law") and other related provisions, with a view to safeguarding the legitimate rights and interests of the company, its shareholdings and creditors, and regulating the organizational structures and acts of the company.

In accordance with the Charter of the Communist Party of China ("CPC"), the Company shall establish the organization of the CPC, the Party Committee shall act as the core of leadership and politics, lead the direction, take charge of overall situations and ensure the implementation of the decisions. The Company shall establish the working organization of the Party, have Party personnel in accordance with the law and guarantee there are adequate funds for the work of Party organization.

Article 2 The company was restructured from former Shashi Pesticide Factory of Hubei Province as a company limited by shares (hereinafter referred to as "company") in accordance with the Company Law and other relevant provisions.

As approved in "E Gai [1992]02" Document issued by the Commission for Economic Restructuring of Hubei Province, the company is established as per raising capital by private placement, registered with the Administration for Industry and Commerce at Hubei Province, and obtained its business license, the number of which is Qi Gu E Zong Zi No. 002523.

Article 3 With the approval of the China Securities Regulatory Commission (hereinafter referred to as "CSRC") in "Zheng Jian Fa Shen [1993] 70" Document dated September 27, 1993, the company initially offered 30,000,000 ordinary Renminbi common shares which shall be subscribed by inbound investors by Renminbi to the public, and was listed on Shenzhen Stock Exchange on December 3, 1993; on April 25, 2017, with the approval of the Securities Commission of the State Council in "Zheng Wei Fa[1997]23" Document, the company initially offered 115,000,000 domestically listed foreign-funded shares which shall be listed domestically and subscribed by foreign currency to outbound investors and was listed on Shenzhen Stock Exchange on May 15 and 25, 1997.

Article 4 Registered name of the company
Full name in Chinese: 湖北沙隆达股份有限公司
Full name in English: HUBEI SANONDA CO., LTD.

Article 5 Domicile of the company: No. 93, Beijing East Road, Jingzhou,

Hubei Province, Postal code: 434001. Manufacture address of the Company are: No. 93, Beijing East Road, Jingzhou, Hubei Province and Nongji Road, Jingzhou Development Zone, Jingzhou, Hubei Province.

Article 6 Registered capital of the company shall be Renminbi 2,446,553,582

Article 7 The company shall be a permanent company limited by shares.

Article 8 The President and CEO shall act as the legal representative of the company.

Article 9 All the assets of the company shall be divided into equal shares. Shareholders shall bear responsibilities to the company to the extent of their shares and the company shall be liable for the company's debts with all of its assets.

Article 10 These Articles of Association shall, as of the date when they come into force, become a document legally binding upon the organizational structure and acts of the company, upon the relationship of rights and obligations between the company and its shareholders and between or among shareholders themselves, and upon the company, its shareholders, directors, supervisors and senior executives. The shareholders may, in accordance with these Articles of Association, bring lawsuits against other shareholders, or the company's directors, supervisors, President and CEO and other senior executives, or the company. The company may also bring lawsuits against its shareholders, directors, supervisors, President and CEO and other senior executives.

Article 11 "Other senior executives" where used in these Articles of Association shall refer to Chief Financial Officer, General Legal Counsel and the secretary of the board of directors.

Chapter 2 The Business Purpose and Scope of the Company

Article 12 The business purpose of the company is to take the comprehensive advantages, promote technological progress, strengthen the development of agricultural chemicals and related industries, improve the domestic and foreign market share, strengthen enterprise management, improve economic efficiency, and ensure asset value increase.

Article 13 Subject to registration according to the law, the company's business scope is: manufacture and sales of pesticides, chemical products (including hazardous industrial gas); the import and export trade of pesticides, chemicals and intermediates

thereof, chemical mechanical equipment and spare parts thereof; manufacturing and sales of chemical mechanical equipment; manufacture and installation of steel structure; installation of chemical engineering; cargo handling and warehousing services.

Chapter 3 Shares

Section 1 Share Offering

Article 14 The shares of the company shall take the form of stocks.

Article 15 The shares of the company are offered in an open, impartial and fair manner. Shares of the same kind shall enjoy the same and equal rights.

For shares of the same kind offered at the same time, the issuing conditions and prices of each of such shares shall be the same; for shares subscribed by any unit or individual, each of such shares shall be paid at the same value.

Article 16 The face value of each shares offered by the company shall be Renminbi 1.

Article 17 Shares issued by the company shall be uniformly deposited at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Article 18 In August, 1992, the Bureau for State Property Administration of Shashi, Hubei Province converted net operating assets in total amount of Renminbi 60,764,900 into capital contribution as 59,663,400 State shares, and raised capital by private placement from the employees, who subscribed 15,270,500 shares to establish Hubei Sanonda Co., Ltd.

Article 19 The total number of the company's shares is2,446,553,582. The company has a share capital structure of: 363,897,345Renminbi ordinary shares, 167,049,341 domestically listed foreign-funded shares and 1,915,606,896 restricted shares with trading restrictions.
With the approval of the Securities Commission of the State Council in “Zheng Wei Fa[1997]23” Document, the company issued 100,000,000 domestically listed foreign-funded shares (B shares) with face value Renminbi 1/stock from April 29 to May 5, 1997, and was listed on Shenzhen Stock Exchange on May 15, 1997. The company executed the overallotment option in an amount of 15,000,000 shares from May 15 to May 21 of the same year. On July 12, 2007, the total number of B shares

after increase is 230,000,000 shares.

Article 20 The company or its subsidiaries (including its affiliated enterprises) shall not, by such means as donation, advancement, guarantee, compensation, loan or otherwise, provide anyone who purchases or plans to purchase the company's shares with financial assistance.

Section 2 Share Increase, Decrease and Repurchase

Article 21 The company may, for the purpose of its operation and development and in accordance with the laws and regulations, adopt the following means for increase in its capital following resolutions respectively adopted by the shareholders' meeting:
(1) public offering of shares;
(2) private offering of shares;
(3) issuing bonus shares to current shareholders;
(4) converting the common reserve fund into the share capital; or
(5) other means as prescribed by laws and administrative regulations and approved by the CSRC.

Article 22 The company may reduce its registered capital. If its registered capital is reduced, the company shall comply with the Company Law, and other relevant provisions and procedures as prescribed in these Articles of Association.

Article 23 The company may acquire its own shares in accordance with the laws, administrative regulations, regulations of ministries and commissions, and provisions of these Articles of Association if:
(1) decreasing the company's registered capital;
(2) merging/consolidating with other companies holding the shares of the company;
(3) awarding shares to staff and workers of the company; or
(4) where shareholders raise objections to resolutions by the shareholders' meeting on the merger or spin off of the company, and thus require it to acquire its own shares.
The company shall not carry out purchase or sales of its own shares except for the aforesaid circumstances.

Article 24 The company may acquire its own shares by any of the following means:
(1) centralized price biding on the stock exchange;
(2) offer; or
(3) other means approved by the CSRC.

Article 25 Where the company acquires its own shares due to reasons mentioned in Items (1) to (3) of Article 23 of these Articles of Association, a resolution shall be

adopted by the shareholders' meeting. Where the circumstance described under Item (1) aforesaid appears after the company has acquired its own shares as per Article 23, the acquired shares shall be canceled within 10 days of the said acquisition; where the circumstances described under Items (2) and (4) aforesaid appear after the company has acquired its own shares as per Article 23, the acquired shares shall be transferred or canceled within 6 months from the said acquisition.

Shares of the company acquired by the company in line with Item (3) of Article 23 shall not exceed 5% of the total shares issued by the company; the funds used for the said acquisition shall come from the after-tax profit of the company; and the acquired shares shall be transferred to the staff and workers of the company within one year thereafter.

Section **3 Share Transfer**

Article 26 The company shares may be transferred according to the law.

Article 27 The company shall refuse to have its own stocks as the collateral of pledge.

Article 28 The directors, supervisors and senior executives of the company shall report to the company their shares in the company and any alterations to the shares so held, and the shares transferred annually by them during their terms of office shall not exceed 25% of their total shares in the company; their shares in the company shall not be transferred within the first year after the company's stocks are listed. The aforesaid persons shall not transfer their shares in the company for the period of six months after they resign from the company.

The shares of the directors, supervisors and senior executives of the company transferred by them by quoting and trading on the stock exchange within the period of twelve months after six months after they report to leave the company shall not exceed 50% of their total shares of the same type in the company.

Article 29 Where the company's directors, supervisors, senior executives and shareholders which hold more than 5% of the total shares of the company sell their stocks within six months after having bought such stocks, or buy such stocks within six months after having sold them, all earnings thus obtained shall be confiscated by the company and be revoked by the board of directors of the company. However, where the stock company holds more than 5% of the company's shares due to its undertaking of stocks remaining after sales, the sales of such stocks is not limited to the time period of six months.

Where the board of directors refuses to comply with the provisions of the preceding paragraph, the shareholders shall have the right to order the enforcement by the board of directors of the said provisions within 30 days. Where the board of directors fails to observe the provisions of the preceding paragraph within the aforesaid time limit, the shareholders shall be entitled to, in their own names, directly file a suit with the people's court for the benefits of the company.

Where the board of directors refuses to comply with the first paragraph of this Article, the responsible directors shall bear joint and several liabilities according to law.

Chapter 4 Shareholders and Shareholders' meetings

Section 1 Shareholders

Article 30 The company shall, according to the evidence provided by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, prepare a register of shareholders, which serves as sufficient evidence for the company's shares held by the shareholders. Shareholders shall enjoy rights and bear responsibilities according to the kinds of shares held by them; shareholders with the same kind of shares shall enjoy equal rights and bear the same obligations.

Article 31 When the company holds the shareholders' meeting, distributes stock dividends, goes into liquidation proceedings or conducts other acts requiring the identification of shareholders, the board of directors or the convener of the shareholders' meeting shall decide on the equity registration date and shareholders who are recorded in the said register after the closing of the equity registration date shall be the shareholders entitled to the relevant rights and interests.

Article 32 Shareholders of the company are entitled to the following rights:

(1) obtaining the dividends or other forms of interest distributions according to the numbers of shares held by them;

(2) legally proposing, convening, presiding over, attending or entrusting shareholders' proxies to attend the shareholders' meeting and exercising the relevant voting rights;

(3) supervising over, giving recommendations on or inquiring about the business operation of the company;

(4) transferring, donating or pledging their shareholdings in accordance with laws,

administrative regulations and the provisions hereof;

(5) having access to these Articles of Association, register of shareholders, stubs of company debentures, *minutes of the shareholders' meeting, resolutions of the board of directors, resolutions of the board of supervisors*, and financial and accounting statements;

(6) participating in the distribution of the company's remaining properties in accordance with their shareholdings, upon the termination or liquidation of the company;

(7) demanding the company to acquire the shares of the shareholders who raise objections to the merger/consolidation and spin-off resolutions adopted by the shareholders' meeting; and

(8) other rights prescribed in laws, administrative regulations and regulations, other regulations of ministries and commissions, and the provisions of these Articles of Association.

Article 33 Where requesting access to the information mentioned in the preceding Article, or asking for the relevant documents, the shareholders shall provide the company with written documents evidencing the kinds of company's shares they hold and the number of such shareholdings, and the company, after verifying the identity of the shareholders, shall provide them with the said information and relevant documents as per the requirements of the shareholders according to the law.

Article 34 Where the resolutions adopted by the shareholders' meeting and the meeting of the board of directors violate laws and administrative regulations and regulations, the shareholders shall be entitled to request judgment by the people's court that such resolutions are null and void.

Where the convening procedures and voting methods of the shareholders' meeting and board of directors violate laws, administrative regulations or these Articles of Association, or the contents of the resolutions adopted by the shareholders' meeting and the meeting of the board of directors contravene these Articles of Association, the shareholders shall be entitled to, within 60 days from the date of such resolutions are made, request their revocation by the people's court.

Article 35 Where the directors and the senior executives violate any laws, administrative regulations or any of Articles of Association in fulfilling their duties and thereby cause losses to the company, the shareholders who for more than 180 consecutive days hold singly or jointly over 1% of the company's shares shall be entitled to request in writing the board of supervisors to file a suit with the people's court; where the board of supervisors violates any laws, administrative regulations or

any of Articles of Association in fulfilling its duties and thereby causes losses to the company, the shareholders may request in writing the board of directors to file a suit with the people's court.

Where the board of directors and the board of supervisors refuse to file lawsuits after having received a written request from the shareholders as described in the preceding paragraph, or fail to file a suit with the people's court within 30 days after their receipt of such requests, or under any emergency, failure to immediately file lawsuits may possibly cause irreparable losses to the company, the shareholders as prescribed in the preceding paragraph shall be entitled to file suits directly to the people's court in their own names.

Where the infringement of the lawful rights and interests of the company by another has caused losses to the company, the shareholders as prescribed in the first paragraph of this Article may in line with the provisions described under the preceding two paragraphs file a suit with the people's court.

Article 36 Where the violation of laws, administrative regulations or the provisions hereof by the directors and senior executives has caused losses to the shareholders, the shareholders may file a suit with the people's court.

Article 37 The shareholders of the company shall bear the following obligations:

(1) observing laws, administrative regulations, and these Articles of Association;

(2) paying the capital according to the shares subscribed by them and the method of their capital contributions;

(3) not to withdraw their shares unless otherwise specified by laws, rules and regulations; and

(4) not to abuse shareholder's rights to harm the interests of the company or other shareholders; not to abuse the independent legal person status of the company and the limited liabilities of shareholders to harm the interests of the creditors of the company;

Where abuse by the company's shareholders of their rights has caused losses to the company or other shareholders, such shareholders shall bear the compensation liabilities in accordance with the law;

Where the abuse by the company's shareholders of the company's independent legal person status and the shareholders' limited liabilities, for evasion of their debts, has seriously damaged the interests of the creditors, such shareholders shall

bear several and joint liabilities for the debts of the company.

(5) other obligations which shall be born in line with the laws, administrative regulations and the provisions hereof.

Article 38 If shareholders with more than 5% of the voting shares of the company pledge their shareholdings, they shall submit a report in writing to the company on the day of the said pledge.

Article 39 Controlling shareholders and actual controllers of the company shall not use their affiliated relationships to harm the interests of the company. Otherwise, they shall be liable to compensate the company against losses the company suffered due to such violation of the regulations.

Controlling shareholders and actual controllers shall act in good faith to the company and other public shareholders thereof. Controlling shareholders shall strictly and legally exercise the rights of capital contributors and shall not impair the lawful rights of the company and other public shareholders by such means as profit distribution, assets restructuring, external investment, appropriation of funds, borrowing and loan guarantee, nor shall they with their controlling status damage the interests of the company and other public shareholders.

The transaction between the company and the controlling shareholders or actual controllers regarding provision of funds, commodities and services and other asset shall strictly comply with decision-making procedures of affiliate transaction and fulfilling examination and deliberation procedure of the board of directors and shareholders' meeting, the affiliated director and shareholder shall withdraw from voting. The company shall not provide funds, commodities, services or other asset to the shareholder and actual controller without consideration or on manifestly unfair terms; or provide guarantee to a shareholder or actual controller that is noticeably unable to make repayment; or providing guarantee to a shareholder or actual controller without justifiable reasons; or relinquish debt against a shareholder or actual controller without justifiable reasons; or assume debts of a shareholder or actual controller without justifiable reasons.

The directors, supervisors and senior executives of the company shall have the obligation to preclude the asset of the company from being occupied by a controlling shareholder or its affiliated enterprise. Where the directors and senior executives of the company assist and connive a controlling shareholder or its affiliated enterprise to misappropriate the asset of the company, the board of directors of the company shall, in the light of the seriousness of the circumstances, circulate a notice of criticism or warn against the direct responsible person, and submit the issue of whether to remove a director who bears serious responsibility to the shareholders' meeting for vote. The board of directors of the Company shall establish the mechanism "freezing upon

embezzlement" applicable to the shares held by the controlling shareholder, namely, in case that the controlling shareholder and its subsidiaries are discovered to embezzle the Company's assets, an application shall be immediately submitted to the judicial authority pursuant to the law for the judicial freezing of the shares held by the controlling shareholder so that the embezzled assets which cannot be recovered in cash may be recovered through the sale of the frozen shares. The chairman of the board of directors of the Company shall be the person undertaking the primary responsibilities for the mechanism "freezing upon embezzlement", and the Chief Financial Officer, the secretary of the board of directors shall assist the chairperson of the board of directors in conducting the work of "freezing upon embezzlement"

The specific implementing procedures are as follows:

1. The Chief Financial Officer, upon discovering that a controlling shareholder misappropriate the asset of the company, shall report to the chairman of the board of directors in writing on the same day of such discovery; where the chairman of the board of directors is a controlling shareholder, the Chief Financial Officer shall report to the chairman of the board of directors, and, at the same time, report to the secretary of the board of directors and chairman of the supervisory board in writing on the day of discovering that a controlling shareholder misappropriated the asset of the company; the content of the report shall include the name of the controlling shareholder which occupies the asset, the name of the occupied asset, the time period of occupation, the amount of money involved and estimated term of compensation, etc.; where it is discovered that a director or senior executive assist or connive a controlling shareholder or its affiliated enterprise to misappropriate the asset of the company, the Chief Financial Officer shall specify the name and the circumstances of assistance and connivance to the controlling shareholder or its affiliated enterprise to misappropriate the asset of the company of the director or senior executive involved in the written report.

2. The chairman of the board of directors shall urge the secretary of the board of directors to inform the directors in writing or by email and convene an interim meeting of the board of directors to examine and deliberate the term of compensation for the controlling shareholder, the decision of punishment against the responsible director or senior executive and application for freeze of the shares of the controlling shareholder with judicial department, etc. according to the written report of the Chief Financial Officer; if the chairman of the board of directors is a controlling shareholder or a controlling shareholder of a controlling shareholder of the company, the secretary of the board of directors shall immediately inform the directors in writing or by email following the receipt of the written report of the Chief Financial Officer and convene an interim meeting of the board of directors according to the Company Law and these Articles of Association to examine and deliberate the term of compensation for the controlling shareholder, the decision of punishment against responsible director

or senior executive and application for freeze of the shares of the controlling shareholder with judicial department, etc., and affiliated directors shall withdraw from examination and deliberation; for directors who bears serious responsibility, the board of directors shall submit them to shareholders' meeting for vote after examining and deliberating relevant punishment decision.

3. The secretary of the board of directors shall send compensation notice within given time period to the controlling shareholder, execute the punishment decision against relevant director or senior executive, and apply for judicial freeze of the shares of the controlling shareholder with judicial department, etc. and conduct information disclosure thereof according to the resolution of the board of the directors; the company and the board of directors of the company shall provide convenience to the secretary of the board of directors for the said items, including issuing letter of authorization, provide guarantee for judicial freeze, approve the secretary of the board of directors to engage professional parties to assist and bear the cost, etc.; the secretary of the board of directors shall inform the director who bears serious responsibility in time after relevant items are examined, deliberated and approved by the shareholders' meeting, and draft relevant punishment documents and handle with relevant procedures.

4. If the controlling shareholder fails to compensate within the given time period, the company shall apply relevant judicial department to realize the shares frozen to compensate the misappropriated asset within 30 days after the expiration of the given time period, and the secretary of the board of directors shall conduct relevant information disclosure.

Section 2 General Provisions of Shareholders' Meetings

Article 40 The shareholders' meeting is the organ of power of the company and shall exercise the following powers and functions:

(1) deciding on the business plan and investment plan of the company;

(2) electing and replacing the posts of the directors and supervisors that are not taken by the representatives of the staff and workers, and deciding on the remunerations of such directors and supervisors;

(3) examining, deliberating and approving the board of directors' report;

(4) examining, deliberating and approving the board of supervisors' report;

(5) examining, deliberating and approving the annual financial budget plan and final

calculation plan of the company;

(6) examining, deliberating and approving the company's profit distribution plan and plan to recover the company's losses;

(7) adopting resolutions on increase or decrease in the company's registered capital;

(8) adopting resolutions on issuance of the company bonds

(9) adopting resolutions on the merger/consolidation, spin-off, dissolution, liquidation or change of company type of the company;

(10) amending these Articles of Association;

(11) making resolutions on the appointment or dismissal by the company of an accounting firm;

(12) examining, deliberating and approving the guarantee particulars prescribed in Article 41 hereof;

(13) examining, deliberating matters regarding the purchase and sales within one year by the company of major assets which exceed 30% of the latest audited total assets of the company;

(14) examining, deliberating and approving and altering the usage of the funds raised;

(15) examining and deliberating the stock incentive plan; and

(16) examining and deliberating other matters which shall be decided by the shareholders' meetings according to the laws, administrative regulations, regulations of ministries and commissions or provisions hereof.

Article 41 The below listed external guarantee of the company shall be approved by the shareholders' meeting after examination and deliberation:

(1) Any guarantee made by the company after the total amount of external guarantee offered by the company and any of the company's controlling subsidiaries exceeds 50% of the latest audited net assets;

(2) Any guarantee made by the company after the total amount of external guarantee offered by the company in the twelve consecutive months exceeds 30% of the latest audited total assets;

(3) Any guarantee made by the company after the total amount of external guarantee

offered by the company in the twelve consecutive months exceeds 50% of the latest audited net assets and the absolute amount is more than RMB 50 million;

(4) Any guarantee provided to any party whose asset-liability ratio exceeds 70%;

(5) Any single guarantee with amount exceeding 10% of the latest audited net assets; or

(6) Any guarantee provided to the shareholders, the actual controllers or their affiliated parties.

Article 42 There are the annual shareholders' meeting and the interim shareholders' meeting. The annual shareholders' meeting shall be held once a year, and within six months from the end of the last fiscal year.

Article 43 The interim shareholders' meeting shall be held by the company within two months of when one of the following circumstances occurs:

(1) The number of directors is less than the minimum number stipulated under the Company Law or 2/3 of the number of directors in Article 106 of this AOA;

(2) The number of independent directors is less than 1/3 of the number of all directors;

(3) Unrecovered company losses have reached 1/3 of the total amount of the paid-up capital;

(4) Shareholders that separately or jointly hold more than 10% of the company's shares request to hold an interim shareholders' meeting;

(5) The board of directors deems it necessary to hold an interim shareholders' meeting;

(6) The board of supervisors proposes to hold an interim shareholders' meeting; or

(7) Other circumstances prescribed in laws, administrative regulations, rules or these Articles of Association.

Article 44 The location of the shareholders' meeting shall be the domicile of the company or other place as set forth in the notice of the shareholders' meeting.

The meeting place shall be prepared and the meeting shall be convened on site. The company shall also facilitate for shareholders through Shenzhen Stock Exchange Trading System and Internet Voting System (Web: http://wltp.cninfo.com.cn) to

attendant the shareholders' meeting. The shareholders that attend the meeting by the aforesaid means shall be deemed present.

Article 45 The company shall engage a law firm to issue legal opinions on the following matters when holding the shareholders' meeting:

(1) Whether the convention of the meeting and holding procedures are in line with laws, administrative regulations, and the provisions hereof;

(2) Whether the qualifications of the attendees and convener are lawful and effective;

(3) Whether the voting procedures and results of the meeting are lawful and effective; and

(4) Legal opinions issued upon the request of the company on other relevant issues.

Section 3 Convening of Shareholders' meetings

Article 46 The independent directors shall have the right to propose the convening of the interim shareholders' meeting to the board of directors. With regard to such proposal, the board of directors shall, in accordance with the provisions of the laws, administrative regulations, and provisions of these Articles of Association, provide its feedback in writing on approval or disapproval within 10 days from the date of the receipt of the said proposal.

Where the board of directors approves the convening of the interim shareholders' meeting, it shall give notice thereof within five days after the said approval resolution of the board of directors; otherwise, the reasons for such disapproval shall be stated and announced.

Article 47 The board of supervisors shall have the right to propose the convening of the interim shareholders' meeting and shall submit its proposal to the board of directors in writing. The board of directors shall, in accordance with the provisions of the laws, administrative regulations and these Articles of Association, provide feedback in writing on approval or disapproval within 10 days from the date of the receipt of the said proposal.

Where the board of directors approves the convening of interim shareholders' meetings, it shall send a notice thereof within five days after the approval resolution of the board of directors. Where the notice changes the original proposal, the approval of the board of supervisors shall be required.

Where the board of directors disapproves the convening of the interim shareholders' meeting or fails to provide its feedback within 10 days from the date of the receipt of the said proposal, it shall be deemed incapable or fail to fulfill the obligation of convening the shareholders' meeting; the board of supervisor may thereby convene and preside over the meeting on its own.

Article 48 The shareholders singly or jointly holding more than 10% of the shares of the company shall have the right to propose in writing to the board of directors the convening of the interim shareholders' meeting. The board of directors shall, in accordance with the provisions in laws, administrative regulations and these Articles of Association, provide feedback in writing on the approval or disapproval within 10 days from the date of the receipt of such proposal.

Where the board of directors approves the convening of the interim shareholders' meeting, it shall, within five days after the approval resolution of the board of directors, give notice thereof. Where the notice alters the original proposal, the approval of the relevant shareholders shall be required.

Where the board of directors disapproves the convening of the interim shareholders' meeting or fails to provide feedback within 10 days from the date of the receipt of the said proposal, the shareholders which singly or jointly hold more than 10% of the shares of the company shall have the right to propose in writing the convening of the interim shareholders' meeting to the board of supervisors and shall raise their request in writing to the board of supervisors.

Where the board of supervisors approves the convening of the interim shareholders' meeting, it shall within five days from the date of the receipt of the said written request give notice thereof. If the notice changes the original proposal, the approval of the relevant shareholders shall be required.

Where the board of supervisors fails to send the said notice within the prescribed time limit, it shall be deemed that they failed to convene and preside over the shareholders' meeting and shareholders which singly or jointly hold more than 10% of the company's shares for more than 90 consecutive days may convene and preside the meeting independently.

Article 49 Where the board of supervisors or the shareholders decide to convene the shareholders' meeting independently, they shall notify the board of directors in writing to such effect and file with the CSRC local office in the place where the company is located and the stock exchange.

Prior to the announcement of the resolution of the shareholders' meeting, the total shares of the convening shareholders shall not be less than 10%.

The convening shareholders shall, upon sending the notice of the shareholders' meeting and announcing the resolutions of the shareholders' meeting, submit related certificates to CSRC Hubei Branch and Shenzhen Stock Exchange.

Article 50 With respect to shareholders' meetings independently convened by the board of supervisors or the shareholders, the board of directors and the secretary of the board of directors shall give their cooperation. The board of directors shall provide the register of shareholders of equity registration date.

Article 51 Where the shareholders' meeting is held independently by the board of supervisors or shareholders, all necessary costs and expenses of the meeting shall be borne by the company.

Section 4 Proposal and Notice of Shareholders' meetings

Article 52 The contents of a proposal shall be amongst the functions and powers of the shareholders' meeting, have clear topics for discussion and detailed resolution matters, and be in line with the relevant provisions of the laws, administrative regulations and these Articles of Association.

Article 53 Where the company holds the shareholders' meeting, the board of directors, the board of supervisors and the shareholders that singly or jointly hold more than 3% of the company's shares shall have the right to raise proposals to the company.

The shareholders that singly or jointly hold more than 3% of the company's shares may, 10 days prior to the convention of the shareholders' meeting, raise the interim proposals and submit them in writing to the convener. The convener shall, within two days after receipt of such proposals, issue a supplementary notice of the shareholders' meeting, and announce the contents of the interim proposals.

Except for the circumstances prescribed in the preceding paragraph, the convener, after having issued the notice of the shareholders' meeting, shall not amend proposals which have been expressly set out or add new proposal to the said notice.

Proposals which are not listed in the said notice or are inconsistent with Article 52 of these Articles of Association shall not be voted on or resolved on the shareholders' meeting.

Article 54 For the annual shareholders' meeting, the convener shall by announcement notify all the shareholders 20 days prior to the convention of the said meeting. For the interim shareholders' meeting, the convener shall by announcement

notify all the shareholders 15 days in advance. When calculating the notice period, the day when the meeting is held shall not be included.

Article 55 The notice of the shareholders' meeting shall include the following contents:

(1) time, place and time limit of the shareholders' meeting;

(2) matters and proposals submitted to the shareholders' meeting for its examination and deliberation;

(3) clearly written explanation: all shareholders shall have the right to attend the shareholders' meeting and may in writing entrust their proxies to attend the meeting and participate in votes. The proxies of the shareholders may not necessarily be the shareholders of the company;

(4) equity registration date of any shareholder entitled to attend the shareholders' meeting; and

(5) name and telephone number of the contact person in charge of shareholders' meeting matters.

Article 56 Where the shareholders' meeting intends to discuss matters related to the election of directors and supervisors, the notice of the shareholders' meeting shall fully disclose detailed information about such directors and supervisors, including at least the following contents:

(1) such personal information as the education background, working experience, part-time job and so on;

(2) whether the candidates for directors or supervisors have affiliated relationship with the company or its controlling shareholders and the actual controllers；

(3) disclose the number of company shares held by the candidates for directors or supervisors; and

(4) whether candidates for directors or supervisors have received punishments by the CSRC or other departments or warning reprimands from the stock exchange.

Except for the election of directors and supervisors by means of a cumulative voting system, each director or supervisor candidate shall be nominated in a single proposal.

Article 57 Once the notice of the shareholders' meeting is issued, the shareholders' meeting shall not be postponed or canceled without justifiable cause,

nor shall the proposals set out in the shareholders' meeting notice be canceled. In the case of the said postponement or cancellation, the convener shall make an announcement stating reasons for such postponement or cancellation at least two working days in advance of the original date for holding the shareholders' meeting.

Section 5 Holding of Shareholders' Meetings

Article 58 The board of directors and other conveners of the company shall take necessary measures to ensure the normal order of the shareholders' meetings. The board of directors and other conveners of the company shall take measures to prevent acts which interfere with the shareholders' meeting, cause disturbance or infringe on the lawful rights of the shareholders, and shall promptly report such acts to the relevant departments for investigation and punishment.

Article 59 All shareholders recorded in the register of shareholders on the equity registration date or their proxies shall have the right to attend the shareholders' meeting and exercise their voting rights in accordance with the relevant laws, rules and these Articles of Association.

The interval between the equity registration date and the date of meeting shall not be more than seven working days. The equity registration date shall not be changed once it is determined.

Article 60 Where the individual shareholders personally attend the shareholders' meeting, they shall present their identification cards or other valid certificates which verify their identities, and their stock account cards; where the individual shareholders entrust their proxies to attend the meeting on their behalf, said proxies shall present their valid identity certificates and the power of attorney from the shareholder.

In the case of legal person shareholders, their legal representatives or proxies entrusted by such legal representatives shall attend the meeting. The legal representatives, if attending the meeting, shall present their identification cards and valid certificates which verify their qualifications as legal representative; where proxies are entrusted by such legal representatives to attend the meeting, such proxies shall present their identification cards, and the written power of attorney as issued legally by the legal representatives of the legal person shareholders.

Article 61 The power of attorney, as issued by the shareholders, shall indicate that proxies are entrusted to attend the shareholders' meeting and shall contain the following items:

(1) the name of each proxy;

(2) whether each proxy has voting rights;

(3) indication on affirmative, negative or abstention vote upon every matter which is listed in the agenda of and shall be examined and deliberated at the shareholders' meeting;

(4) issuing date and term of validity of the power of attorney;

(5) signature (or seal) of the principal. Where the principal is a legal person shareholder, the official seal of the legal person shareholder shall be affixed.

Article 62 The power of attorney shall clarify whether the shareholders' proxies may act at their discretion without specific instructions from the shareholders.

Article 63 Where the power of attorney granted for voting by proxy is signed by a person entrusted by the principal, the authorization letter signed by authorization or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents, as well as the power of attorney granted for voting by proxy shall be kept at the domicile of the company or at any other place prescribed in the Notice for convening the shareholders' meeting.

Where the principal is the legal person, it shall be represented at the shareholders' meeting of the company by its legal representative, or any other person as authorized by the board of directors or any other decision-making organ.

Article 64 The register of attendants of the shareholders' meeting shall be prepared by the company. The register shall expressly record such matters as the name of the attendant (or of the unit thereof), the identification card number, domicile address of the attendant, the number of voting shares held or represented by the attendant, and the name of the principal (or the unit thereof).

Article 65 The convener and the lawyer engaged by the company shall, in accordance with the register of shareholders provided by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, jointly verify the legality of the qualification of each shareholder, and register the full name of and number of voting shares held by each shareholder. Prior to the announcement by the presider of the total number of shareholders who attend the on-site shareholders' meeting and the total number of the voting shares held by the attending shareholders and proxies, the registration shall be ceased.

Article 66 At the time of the shareholders' meeting, all the directors, supervisors and the secretary of the board of directors of the company shall attend the meeting, and President and CEO and other senior executives shall sit on the meeting.

Article 67 The shareholders' meeting shall be presided over by the chairman of the board of directors. Where the chairman is unable to or fails to perform his duties, the shareholders' meeting shall be presided over by a director jointly elected by the majority of all the directors.

If independently convened by the board of supervisors, the shareholders' meeting shall be presided over by the chairman of the board of supervisors. Where the chairman of the board of supervisors is unable to or fails to perform his duties, the shareholders' meeting shall be presided over by a supervisor jointly elected by the majority of all the supervisors.

Shareholders' meetings independently convened by the shareholders shall be presided over by a representative elected by the convener.

Where the presider violates the procedural rules while the shareholders' meeting is being held so that the meeting is unable to continue, a presider may, with the approval by the majority of voting rights represented by the shareholders present at the shareholders' meeting, be elected by the shareholders' meeting to preside the meeting.

Article 68 The company shall formulate the procedural rules of the shareholders' meeting, which shall prescribe the detailed holding and voting procedures of said meeting, including the notice, registration, examination and deliberation of proposals, ballot, vote calculation, announcement of voting results, formulation of meeting resolutions, meeting minutes and signature, announcement and other items, as well as the principles by which the shareholders' meeting authorizes the board of directors. The authorized content shall be definite and specific. The procedural rules of the shareholders' meeting shall be attached as an appendix to the company's Articles of Association and shall be drafted by the board of directors and approved by the shareholders' meeting.

Article 69 The board of directors and the board of supervisors shall, at the annual shareholders' meeting, report their work for the last year to such meeting. Each independent director shall also report his work.

Article 70 Directors, supervisors, and senior executives shall at the shareholders' meeting give explanations and clarifications on the inquiries and recommendations raised by the shareholders.

Article 71 The presider of the shareholders' meeting shall, prior to vote, announce the total number of attending shareholders and proxies, and the total voting shares held by them. The total number of attending shareholders and proxies, and the total voting shares held by them shall be subject to registration before the shareholders' meeting.

Article 72 The shareholders' meeting shall have meeting minutes and these shall be the responsibility of the secretary of the board of directors. The meeting minutes shall record the following items:

(1) time, place, agenda, and name of the convener of the meeting;

(2) name of the presider and each of the directors, supervisors, President and CEO and any other senior executive who attend the meeting with voting right or sit on the meeting;

(3) total number of voting shares held by shareholders (including their proxies) by the domestic shares and shareholders (including their proxies) of domestically listed foreign-funded shares, and proportion of such total number in the company's shares;

(4) examination and deliberation procedure, main speech points and voting result of each proposal by shareholders of the domestic shares and shareholders of domestically listed foreign-funded shares;

(5) inquiries or recommendations of the shareholders and the relevant replies or explanations thereto;

(6) name of lawyers, vote counters and vote supervisor; and

(7) other items shall be recorded in the meeting minutes in accordance with the provisions hereof.

Article 73 The convener shall ensure the authenticity, accuracy and completeness of the minutes of the shareholders' meeting. The attending directors, supervisors, secretary of the board of directors, convener or representative thereof, and the meeting presider shall sign the meeting minutes. Meeting minutes shall, together with the register of the present shareholders and the powers of attorney for attendance by proxy, and valid materials concerning votes through the internet and other means shall be kept together for a period of no less than ten years.

Article 74 The convener shall ensure the continuity of the shareholders' meeting until the final resolutions are formed. Where such specific reasons as force majeure or other special causes result in the suspension of the shareholders' meeting or the failure to adopt a resolution at the meeting, the necessary measures shall be taken to resume the shareholders' meeting as soon as possible or to directly close the meeting and make an immediate announcement. At the same time the convener shall report to the CSRC office in the place where the company is located and the stock exchange.

Section 6 Vote and Resolution of Shareholders' meetings

Article 75 There shall be two types of resolutions of the shareholders' meeting: ordinary resolution and special resolution.

Ordinary resolutions made by the shareholders' meeting shall require at least half of the voting rights represented by the attending shareholders (including proxies thereof).

Special resolutions made by the shareholders' meeting shall require at least 2/3 of the voting rights represented by the attending shareholders (including proxies).

Article 76 The following matters shall require the approval of the shareholders' meeting by ordinary resolution:

(1) work report of the board of directors and the board of supervisors

(2) profit distribution plan and plan to recover company losses as drafted by the board of directors;

(3) appointment and dismissal of members of the board of directors and the board of supervisors, remunerations to them and the method for payment of such remunerations;

(4) annual budget plan and final calculation plan of the company;

(5) annual report of the company; and

(6) other matters which shall be passed by special resolution in accordance with the provisions of the laws, administrative regulations or these Articles of Association.

Article 77 The following matters shall be passed at the shareholders' meeting by special resolution:

(1) increase or decrease in the registered capital of the company;

(2) spin-off, merger/consolidation, dissolution and liquidation of the company;

(3) amendment to these Articles of Association;

(4) where, within the period of one year, purchases or sales by the company or the amount of the guarantee provided by the company exceeds 30% of the latest audited total assets of the company;

(5) stock incentive plan; and

(6) other matters which are prescribed in the provisions of the laws, administrative regulations or these Articles of Association, as well as the matters which are deemed, if passed by means of ordinary resolution by the shareholders' meeting, that they may have significant potential influences upon the company and shall be passed by special resolution.

Article 78 Shareholders (including proxies thereof) shall exercise their voting rights as represented by the number of voting shares held by them, and each share shall have one voting right.

The votes casted by minority investors shall be separately counted when material matters affecting the interests of minority investors are being examined and deliberated at the shareholders' meeting. The results of the separate vote-counting shall be publicly disclosed in a timely manner.

The shares held by the company shall have no voting rights in themselves and shall not be calculated into the total number of voting shares held by the attending shareholders.

The board of directors, independent directors and shareholders who meet relevant provisions may publicly collect the voting rights of shareholders.

Article 79 The board of directors shall decide whether the relevant items proposed to be submitted to the shareholders' meeting for examination and deliberation constitute affiliated transaction according to the laws, rules and the Listing Rules of Shenzhen Stock Exchange. Where the board of directors decide that the items proposed to be submitted to the shareholders' meeting for examination and deliberation constitute affiliated transaction, it shall inform the affiliated shareholders in writing.

The board of directors shall complete the aforesaid work before sending the notice of the shareholders' meeting, and disclose the details of the affiliated party in connection with the item proposed to be submitted to the shareholders' meeting for examination and deliberation.

When the shareholders' meeting examines and deliberates affiliated transactions, the affiliated shareholders shall submit the application to refrain from voting upon such affiliated transactions, and other parties shall have the right to require such shareholders to refrain from voting. The affiliated shareholders may explain and clarify the affiliated transaction concerning themselves and whether such transaction is fair and legal and reason thereof to the shareholders' meeting, but such shareholders

shall not have right to vote with regard to this affiliated transaction and the number of voting rights represented by them shall not be calculated in the total number of valid votes; the announcement of the shareholders' meeting shall fully disclose the votes of the non-affiliated shareholders.

Article 80 The company shall, on the premise of ensuring the legality and validity of the shareholders' meeting, adopt various means and channels to make available online voting platforms and other modern information technology means on a priority basis to facilitate shareholders to attend the shareholders' meeting.

Article 81 Except for under unusual circumstances such as crisis and otherwise, the company shall not sign a contract with any person other than the directors, President and CEO and senior executives, which specifies the entrustment by the company of the management of all or important businesses to such person.

Article 82 The nomination and election of directors and supervisors.

(I) The methods and procedures of nomination and election of directors and supervisors:

The incumbent board of directors and board of supervisors and shareholders which meet certain conditions may nominate candidates of directors and supervisors in accordance with the provisions in laws, administrative regulations and these Articles of Association.

1. The candidate directors and supervisors shall be nominated as a proposal and to the shareholders' meeting for vote but shall not be nominated in an interim proposal;

2. The incumbent board of directors may nominate candidate directors. After the board of directors adopts a resolution, the board of directors shall submit a list of candidate directors to the shareholders' meeting for vote.

3. The incumbent board of supervisors may nominate the candidate supervisors. After the board of supervisors adopts a resolution, the board of supervisors shall submit the list of candidate supervisors to the shareholders' meeting for vote.

4. The shareholders singly or jointly holding more than 5% of the shares of the company for more than 180 days may nominate candidate directors or candidate supervisors represented by the shareholders' representatives.

5. The incumbent board of directors, the incumbent board of supervisors, or the shareholders singly or jointly holding more than 1% of the shares of the company may nominate candidate independent directors.

The nominator of an independent director shall nominate the nominee with such nominee's prior consent. The nominator shall adequately understand the profession, academic qualifications, professional titles, detailed work experience and all part-time jobs of the nominee, and express his opinion on the qualifications and independence of the nominee's serving as an independent director, and the nominee shall make a public statement that there exists no relationship between himself and the company which may influence his independent and objective judgment in any way. Before the convening of the shareholders' meeting relating to the election of the independent director, the board of directors shall announce said content according to relevant regulations.

6. In addition to other items provided in this article, the board of directors shall announce the resume and basic information of each candidate director and supervisor to the shareholders.

(II) The method and procedure to vote upon the election of directors and supervisors

When the shareholders' meeting votes upon the election of directors and supervisors in accordance with these Articles of Association or the resolution adopted by the shareholders' meeting, the cumulative voting system may be used.

The "cumulative voting" stated in the preceding paragraph shall mean when the shareholders' meeting is electing directors or supervisors, each share shall have the same number of voting rights as the number of candidate directors or supervisors who are up for election, and the voting rights of all the shareholders may be exercised in a centralized manner, or distributed to two or more candidate directors with all votes, and the candidate who obtained more votes shall be elected.

1. The specific voting method to vote upon the election of directors shall be:

(1) The voting upon the election of independent directors and common directors shall be separated. The specific method is:

When voting upon the election of independent directors, the number of voting rights of each shareholder shall be the product of the shares he held multiplies the number of independent directors he is entitled to vote, and such numbers of voting right shall only be voted to independent directors.

When voting upon the election of common directors, the number of voting rights of each shareholder shall be the product of the shares he held multiplies the number of common directors he is entitled to vote, and such numbers of voting right shall only be voted to common directors.

(2) When filling out the ballot, a shareholder may distribute to one candidate directors with all voting power he held, or distributed to several candidate directors and indicate the voting power distributed to each candidate thereafter. If a shareholder specifically disapproves any one or more candidates and vote for others, the name of the person being voted shall be filled in and indicating with the voting power distributed to such candidate thereafter.

(3) Where the total number of voting power on a vote exceeds the legitimate number of voting power of a shareholder, such vote shall be deemed invalid.

(4) Where the total number of voting power on a vote is no more than the legitimate number of voting power of a shareholder, such vote shall be deemed valid.

(5) After the voting, the votes shall be counted and the votes obtained by each candidate shall be announced, and the directors elected shall be determined based upon the number of votes obtained by candidate directors.

(6) The principle of election of directors: the final directors elected shall be determined based upon the number of votes obtained by candidate directors, but the lowest votes obtained by each director elected shall be more than half of the voting power of the shareholders attend the shareholders' meeting (including proxies thereof).

(7) Where the number of candidate directors is more than the number of candidate directors to be elected, the director elected shall be determined according to the votes obtained by them in descending order. However, the number of voting rights of a director elected shall meet the requirement as set forth in Item (6) hereof.

(8) If the number of candidate directors obtained the same votes exceed such kind of directors to be elected, the said candidate directors shall be voted again according to the procedures set forth in this article until the director is elected.

(9) If a proxy vote fails to elect required number of a kind of directors required according to Articles of Association, the candidate directors with inadequate amount of votes shall be voted again and if the number of directors elected still fails to meet the requirement, then it shall be voted in next shareholders' meeting.

(10) Before the shareholders voted upon the election of directors, the board of directors shall be responsible in construing the specific method of proxy vote set forth in these Articles of Association and ensure the shareholders to execute their voting rights correctly.

2. The election of supervisors of the shareholders' meeting of the company shall be executed in accordance with the method of voting upon the election of directors set

forth hereof.

Article 83 In addition to the cumulative voting, the shareholders' meeting may take a vote on all the proposals item by item. Where different proposals are submitted for the same matter, votes shall be cast in the sequence that such proposals are submitted. The shareholders' meeting shall not postpone or refuse voting upon the said proposals unless the meeting is suspended or they are unable to adopt a resolution as a result of particular reasons such as force majeure and otherwise.

Article 84 The shareholders' meeting, when examining and deliberating the proposals, shall not amend them, otherwise, the relevant amendment shall be deemed as a new proposal which shall not be voted on at the same shareholders' meeting.

Article 85 Each voting right shall choose only one of such means including onsite, through the internet or otherwise. The first voting result prevails if repeated votes arise by the same voting right.

Article 86 Votes at the shareholders' meeting shall be by means of open ballot.

Article 87 Prior to vote on proposals at the shareholders' meeting, two shareholders shall be elected by the shareholders' meeting to participate in the vote calculation and supervision. If shareholders have interests in the matters to be examined and deliberated on, the concerned shareholders and proxies thereof shall not take part in the vote calculation and supervision.

When the shareholders' meeting is voting on proposals, the lawyers, representatives of shareholders and supervisors shall be jointly responsible for the vote calculation and supervision thereof and for the announcement of the voting results which shall be recorded into the minutes of the meeting.

Shareholders of company or their proxies who cast votes via internet or through any other means shall have the right to examine their voting results by accessing to the corresponding voting system.

Article 88 The onsite shareholders' meeting shall not be terminated earlier than the shareholders' meeting held through the internet or by any other means. The presider of the onsite shareholders' meeting shall announce the votes and voting results of each proposal and announce if the proposals have been passed according to the voting results.

Prior to the formal announcement of the voting results, the companies, vote counters, vote supervisors, major shareholders and the internet service providers and other related parties involved in the shareholders' meeting held onsite, through the internet or by any other means shall bear obligation of confidential on the voting results.

Article 89 The attending shareholders shall give their opinions on the proposals submitted for vote, being: affirmative, negative or abstention vote, except that a securities registration and settlement institution serving as the nominal holder of the stocks under Inter-connected Mechanism for Trading on Stock Markets in the Mainland and Hong Kong make declaration according to the intention of the actual holders.

The blank, falsely-filled and unreadable votes as well as votes that are not made shall be deemed as abstention, and the voting results represented by the shares of the abstention voter shall be filled with "abstention".

Article 90 Where the presider has any doubt about the voting results, he may organize to have the number of votes counted; where the presider fails to do so and the attending shareholders or the proxies thereof challenge the voting results announced by the presider, they are entitled to require the counting of votes immediately upon the announcement of the voting results and the presider shall organize the vote calculation without delay.

Article 91 The resolutions of the shareholders' meeting shall be announced promptly and such announcement shall indicate the number of shareholders of domestic shares and foreign-funded shares which attend the meeting, the number of voting shares held by them, the proportions of their voting shares in the total voting shares of the company, the voting methods, the vote results of each proposal and the particulars of each resolution adopted.

Article 92 Where the proposals fail to be passed by the shareholders' meeting or the previous resolutions of the last shareholders' meeting are altered at the current shareholders' meeting, special indications shall be made in the announcement of the said meeting.

Article 93 Where the shareholders' meeting passes a proposal concerning election of directors and supervisors, the starting time of their assumption of office shall be the date of resolution of the shareholders' meeting is made, and in the case of a supervisor as a representative of the employees shall be the date of resolution of the employee representatives' meeting is made.

Article 94 Where the shareholders' meeting passes a proposal regarding the distribution of cash dividends, share granting or conversion of common reserve fund into share capital, the company shall implement the detailed plan for such proposals within two months from the closing of the shareholders' meeting.

Chapter 5 Board of Directors

Section 1 Directors

Article 95 The directors of the company shall be natural persons, they shall not act in the capacity of director under any of the following circumstances:

(1) having no civil capacity or limited civil capacity;

(2) having been sentenced to criminal penalties due to committed offences of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order, where less than five years have elapsed since the date of completion of said sentence; having been deprived of their political rights due to criminal offences, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

(3) having served in the capacity of director, factory chief or manager of a company or enterprise which has gone into bankruptcy or liquidation proceeding, and being personally responsible for such bankruptcy, where less than three years have elapsed since the closing of the said bankruptcy or liquidation;

(4) having served as the legal representative of a company or enterprise whose business license has been revoked or which has been order to close down due to the violation of law, and being personally responsible for such revocation and closing down, where less than three years have elapsed since the said revocation;

(5) being in default of personal debts in a significant amount at the time of their maturity;

(6) having been prohibited from accessing the securities market as penalization by the CSRC, where the specified prohibition period has not yet finished;

(7) having been announced by the Stock Exchange that it is not appropriate for him to be the director of a listed company;

(8) having been punished by the administrative sanctions of the CSRC in the past 36 months or having been publicly denounced by the Stock Exchange in the past three years;

(9) having been suspected of committing a crime and a case has been put on file by the judicial organs to investigate or suspected of violating the law or rules and a

case has been put on file by the CSRC, where no clear conclusion has been made;

(10) other content as prescribed in the laws, administrative regulations or rules.

In the case of election or appointment of directors in violation of this Article, such election, appointment or employment shall be null and void. Where the circumstances as prescribed in this Article take place during the term of any director, such director shall be dismissed by the company.

Article 96 Directors shall be elected or replaced by the shareholders' meeting. The term of office of each director shall be three years. The term of office of each director shall commence as of his assumption of office until the expiration of the current board of directors. The directors may, after the expiration of the term of office, be reelected and reappointed. Where the new directors fail to be promptly elected upon the expiration of the term of office, then before the newly elected directors assume office, the original directors shall retain their directorship in accordance with the laws, administrative regulations, rule, and these Articles of Association. The shareholders' meeting shall not dismiss without fair reasons any director prior to expiration of the term of office.

Directors can serve concurrently as President and CEO or other senior executives, however, the directors who concurrently serve as President and CEO or other senior executives shall not exceed half of all the directors of the company

Article 97 The directors shall abide by laws, administrative regulations, and these Articles of Association and be faithful to the company as follows:

(1) not abuse their functions and powers to accept bribery or other illegal income and not misappropriate the company's assets;

(2) not embezzle the company's funds;

(3) not open accounts in their own name or in the names of others, for depositing the funds or assets of the company;

(4) not lend the company's funds to others or provide guarantees for others with the company’s assets in violation of the hereof and without the approval of the shareholders’ meeting or the board of directors;

(5) not enter into any contract or transaction with the company in violation of these Articles of Association and without the approval of the shareholders’ meeting;

(6) without the approval of the shareholders' meeting, not abuse their powers and functions to seek business opportunities for themselves or others as should belong

to the company, nor operate for themselves or others businesses similar to those of the company;

(7) not accept commission derived from transactions of the company, as personal gains;

(8) not reveal the company's secrets without authorization;

(9) not abuse affiliated relationships to impair the interests of the company; and

(10) other faithful obligations as prescribed in the laws, administrative regulations, rules and these Articles of Association.

Any income of the directors arising from their acts aforesaid mentioned shall be confiscated by the company; where the directors cause losses to the company, they shall bear compensation liabilities.

Article 98 The directors shall abide by the laws, administrative regulations and these Articles of Association, and shall act with due diligence towards the company as follows:

(1) prudently, earnestly and diligently exercising the rights conferred by the company so as to ensure the compliance of the company's business acts with the requirements of the laws, administrative regulations and the various State economic policies and that business activities shall not exceed the business scope mentioned in the business license;

(2) treating all the shareholders fairly;

(3) promptly gaining understanding of the business, operation and management conditions of the company;

(4) signing written confirmation opinion to the company's periodic report and ensuring that the information disclosed by the company is true, accurate and complete;

(5) providing the relevant information and materials to the board of supervisors faithfully, and not impeding the board of supervisors or supervisors in exercising their functions and powers; and

(6) other obligations of diligence as prescribed in the relevant laws, administrative regulations, rules, and these Articles of Association.

Article 99 Where the directors fail to attend in person two consecutive meetings

of the board of directors and further fail to entrust other directors to attend the meeting, they shall be deemed incapable of performing their duties and the board of directors shall propose a shareholders' meeting to replace such directors.

Article 100 The directors may submit the resignation in advance of expiration of the term of office. The directors may submit their resignation report in writing to the board of directors to resign and the board of directors shall disclose the relevant information within two days thereafter.

Where the total number of members of the board of directors is lower than the minimum number of members required by law due to the resignation of any director, then before the newly elected director assumes office, the former director shall still retain their directorship in accordance with the relevant laws, administrative regulations, rules and these Articles of Association.

The resignation of each director shall, except for the circumstances prescribed in the preceding paragraph, come into effect after the resignation report is submitted to the board of directors.

Article 101 Where the director resigns comes into force or his term of office expires, his obligations to the company and shareholders shall not be discharged before the resignation report comes into effect, nor be discharged within 6 months following the effectiveness of the resignation report or expiration of term of office, and his obligations to the trade secrets of the company shall survive his term of office, till the trade secrets becomes public information. The duration of his other obligations shall be determined according to the principle of fairness, depending on the intervals between the occurrence of the event and his resignation, and the situations and conditions under which the director terminates his relationship with the company.

Article 102 Without the legal authorization by these Articles of Association or the board of directors, no director shall represent the company or the board of directors to act in his own name. If any director acts in his own name and further if in the reasonable opinion of a third party, such acts represent those of the company or the board of directors, the director shall declare his standpoint and identity at first.

Article 103 Where the law, administrative regulations, rules or these Articles of Association are violated by the directors in performing duties for the company, thus causing losses to the company, the directors shall be liable for compensation.

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

The work particulars applicable to the independent directors shall be prepared by the company, which includes the qualifications of independent directors, nomination,

election, alteration and dismissal, special functions and powers of the independent directors, the working condition of the independent directors and the legal responsibility of the independent directors. The work particulars applicable to the independent directors shall be annexed to these Articles of Association, and shall be drafted by the board of directors and approved by the shareholders' meeting.

Section 2 Board of Directors

Article 105 The board of directors established by the company shall be responsible to the shareholders' meeting.

Article 106 The board of directors shall be composed of six [6] directors, with two [2] independent directors therein. The board of directors shall have one board chairman. The chairman of the company shall be elected by more than half of all the directors. The company shall not have any director as the representatives of the staff and workers.

Article 107 The board of directors shall exercise the following functions and powers:

(1) convening the shareholders' meeting and reporting its work to the shareholders' meeting;

(2) implementing the resolutions of the shareholders’ meeting;

(3) deciding on the business plan and investment plan of the company;

(4) formulating the annual financial budget and final calculation plan of the company;

(5) formulating profit allocation plan and plan to recover losses, of the company;

(6) formulating plans of the company regarding the increase or decrease in the registered capital, the issuance of bonds or other securities and the listing of the company;

(7) drawing up company plans concerning major acquisitions, the acquisition of company stocks or merger/consolidation, spin-off, dissolution and alteration in corporate form;

(8) within the scope of authorization granted by the shareholders' meeting, deciding on such matters as external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth and affiliated

transactions;

(9) deciding on the establishment of the internal management organizations of the company;

(10) appointing or dismissing President & Chief Executive Officer and the secretary of the board of directors of the company; according to nominations by President & Chief Executive Officer, appointing or dismissing senior executives including Chief Financial Officer and General Legal Counsel, and deciding on the remuneration, reward and punishment particulars of the preceding persons;

(11) formulating the basic management system of the company;

(12) formulating the plan for amendment to these Articles of Association;

(13) managing the information disclosure of the company;

(14) proposing to the shareholders' meeting the appointment or replacement of the accounting firm which renders audit service to the company;

(15) hearing the President and CEO's work report and examining the work of the President and CEO;

(16) other functions and powers conferred by the laws, administrative regulations, rules, and these Articles of Association.

Article 108 The Board of Directors shall hear the opinions of the Party Committee of the Company before making material decisions of the Company.

Article 109 The board of directors of the company shall explain to the shareholders' meeting any non-standard audit opinions on the company's financial statements issued by the certified public accountants.

Article 110 The board of directors shall set forth the procedural rules of the board of directors to ensure its implementation of the resolutions adopted by the shareholders' meeting, and to improve the work efficiency and guarantee scientific decision making.

Article 111 The board of directors shall have powers regarding the transactions which meet one of the following criteria:

(1) The total amount of assets involved in the transaction exceeding 20% of the latest

audited total assets of the company, if the assets involved in the transaction have book value and appraisal value concurrently, the higher value shall be used for calculation;

(2) The revenue of the target of the transaction (i.e. equity interests) in the latest year exceeding 20% of the latest audited revenue of the company, and the absolute amount is more than RMB 20 million;

(3) The net profit of the target of the transaction (i.e. equity interests) in the latest year exceeding 20% of the latest audited net profit of the company, and the absolute amount is more than RMB 2 million;

(4) The amount of the transaction (including indebtedness and expenses) exceeding 20% of the latest audited net assets of the company, and the absolute amount is more than RMB 20 million;

(5) The profit of the transaction exceeding 20% of the latest audited net profit of the company, and the absolute amount is more than RMB 2 million;

(6) External guarantee: any guarantee other than the guarantee stipulated under Article 41.

(7) Affiliated transaction: the affiliated transaction between the company and affiliated natural person exceeding RMB 300,000; the affiliated transaction between the company and affiliated legal person exceeding RMB 3 million and exceeding 0.5% of the latest audited net assets of the company;

(8) Securities investment: the total amount exceeding 10% of the latest audited net assets of the company, and the absolute amount being more than RMB 10 million. Securities investment foresaid includes placement or subscription of new shares, securities repurchase, stock investment, bond investment, entrusted financial management (including bank financial products, trust products) and other investment behavior identified by the Shenzhen Stock Exchange.

If any amount involved in this Article is negative amount, the absolute amount shall be used for calculation purpose.

The board of directors shall perform the duty to disclose as required by the Listing Rules of Shenzhen Stock Exchange in executing the power set forth aforesaid.

The board of directors shall establish strict reviewing and decision-making procedures; with regard to the major investment projects, the functional department of the company or branch manager shall conduct feasibility analysis and demonstration, and

the company shall organize experts and professionals including lawyers and accountants, etc. to review and issue professional opinions from the financial and legal perspectives, and such projects shall be submitted to the shareholders meeting for discussion after review and approval by the board of directors and shall be executed after the shareholders meeting approved such transaction. The shareholders meeting shall have powers regarding following transactions which meet one of the following criteria:

(1) The total amount of assets involved in the transaction exceeding 50% of the latest audited total assets of the company, if the assets involved in the transaction have book value and appraisal value concurrently, the higher value shall be used for calculation;

(2) The revenue of the target of the transaction (i.e. equity interests) in the latest year exceeding 50% of the latest audited revenue of the company, and the absolute amount is more than RMB 50 million;

(3) The net profit of the target of the transaction (i.e. equity interests) in the latest year exceeding 50% of the latest audited net profit of the company, and the absolute amount is more than RMB 5 million;

(4) The amount of the transaction (including indebtedness and expenses) exceeding 50% of the latest audited net assets of the company, and the absolute amount is more than RMB 50 million;

(5) The profit of the transaction exceeding 50% of the latest audited net profit of the company, and the absolute amount is more than RMB 5 million;

(6) Affiliated transaction: the affiliated transaction (except for the transactions that the company receives cash as gift and the company provides guarantee) between the company and affiliated person exceeding RMB 30 million and exceeding 5% of the latest audited net assets of the company;

(7) Securities investment: the total amount exceeding 50% of the latest audited net assets of the company, and the absolute amount being more than RMB 50 million.

Regarding to the purchase or sale of assets transaction, the company shall use the total amount of the assets or the amount of the transaction, whichever is higher, as the calculation criteria and the amount shall be cumulative in the twelve consecutive months according to the type of the transaction. If the amount reaches 30% of the latest audited total assets, the transaction shall be submitted to the shareholders' meeting for consideration and shall be adopted by more than two thirds of the voting rights held by the shareholders present at the meeting.

If any amount involved in this Article is negative amount, the absolute amount shall be used for calculation purpose.

The term "transaction" as mentioned in this Article includes the following: (1) the purchase or sale of assets (excluding the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets related to daily operations, but the purchase and sale of such assets involved in the assets swap is still included), (2) external investment (including entrusted financial management, entrusted loans, investment in subsidiaries, etc.); (3) providing financial support; (4) providing security; (5) renting or leasing assets; (6) signing a management contract (including entrusting operation, entrusted operation, etc.); (7) gifting assets or being gifted; (8) claims or debt restructuring; (9) the transfer of research and development projects; (10) signing a license agreement; (11) other transactions identified by the Shenzhen Stock Exchange.

Article 112 The external guarantee of the company shall comply with the following rules:

(1) the company shall not provide guarantee to any entity that is not a legal person or an individual;

(2) the company shall only provide guarantee to controlled subsidiaries and non-controlled subsidiaries of the company and the legal person which provides guarantee to the company (i.e. reciprocal guarantees);

(3) the company shall not provide external guarantee without the approval of the board of directors or the shareholder’s meeting;

(4) the external guarantee requires the approval of the board of directors shall be examined and approved by more than 2/3 of the directors who attend the meeting and a by more than 2/3 of all the independent directors and the directors shall adopt resolutions on such guarantee; and

(5) the company shall require the other party to provide counter-guarantee and the provider of counter-guarantee shall have the actual ability to bear such guarantee.

Article 113 The chairman of the board of directors has the following functions and powers:

(1) presiding over the shareholders' meeting, and convening and presiding over the meeting of the board of directors;

(2) supervising and inspecting for the execution of resolutions adopted by the board of directors;

(3) signing the shares, debentures and other marketable securities of the company;

(4) signing important document of the board of directors;

(5) execute special disposing right in accordance with the laws and the interest of the company with regard to the business and affairs of the company where the force majeure events including severe natural disasters, etc. happen, and report to the board of directors and shareholder's meeting afterwards; and

(6) other power entrusted by the board of directors.

Article 114 Where the chairman of the board of directors is unable to or fails to perform his duties, a director jointly elected by the majority of all the directors shall perform his duties.

Article 115 The board of directors shall hold at least two meetings a year which shall be convened by the chairman of the board of directors. The board of directors shall notify all directors, supervisors and President and CEO ten days in advance of the meeting.

Article 116 Shareholders representing more than 1/10 of the voting rights or the directors accounting for more than 1/3 of all the members of the board of directors or the supervisors representing more than 1/3 of the board of supervisors may propose to hold an interim meeting of the board of directors. The chairman of the board shall, within 10 days after the receipt of the proposal, convene and preside over the meeting of the board of directors.

Article 117 The method of giving notice that the board of directors shall hold the interim meeting thereof: oral or written notice; time of the notice: 2 days before the meeting.

Article 118 The notice on the meeting of the board of directors shall include the following:

(1) meeting date and place;

(2) time limit of the meeting;

(3) matters for discussion; and

(4) issuing date of the notice.

Article 119 The meeting of the board of directors may not be held unless it is attended by the majority of all the directors. Any resolution made by the board of directors shall require the approval of more than half of all the directors.

As to the resolutions of the board of directors, each director shall have one vote.

Article 120 Where directors have affiliated relationship with the enterprises mentioned in any resolution made by the board of directors, such directors shall neither vote on the said resolutions nor act as proxies for other directors to exercise their voting right upon the said resolutions. Such meetings of the board of directors may not be held unless attended by the majority of all the non- affiliated directors, and resolutions adopted at such meeting shall be passed by the majority of all the non-affiliated directors. Where the number of the non-affiliated directors attending the meeting of the board of directors is less than three, the matters shall be submitted to the shareholders' meeting for examination and deliberation.

Article 121 Voting method at the meeting of the board of directors: disclosed vote.

The interim meeting of the board of directors, on the precondition of ensuring the full expression by directors of their opinions, may adopt resolutions by communication and require signatures of the attending directors.

Article 122 The meeting of the board of directors shall require the attendance of the directors in person; where the directors are with good reason unable to attend the meeting, they may in writing entrust other directors to do so. The written power of attorney shall indicate the name of each proxy, entrusted matters, scope of authorization and validity, and shall be signed by or marked with the seal of each principal, but independent director shall not be entrusted by non-independent director, non-independent director shall also not be entrusted by independent director.

Directors who attend the meeting of the board of directors as proxies shall exercise their rights in capacity of director within the scope of authorization. Where the directors fail to attend the meeting of the board of directors and further fail to entrust representatives to do so on their behalf, it shall be deemed that they have waived their voting rights at such meeting.

Article 123 The board of directors shall prepare minutes of its meeting in respect to matters to be examined and deliberated at such meeting, and the attending directors shall sign such minutes.

The minutes of the meeting of the board of directors shall be kept on file at the

company for a period of no less than 10 years.

Article 124 The minutes of the meeting of the board of directors shall include the following:

(1) date, place of meeting and name of the convener and presider;

(2) names of the attending directors and of the directors (proxies thereof) who are entrusted by others to attend the meeting;

(3) meeting agenda;

(4) main points of speeches by directors; and

(5) methods and results for votes upon each matter to be examined and deliberated (the voting results shall set forth the number of affirmative, negative or abstention votes).

Chapter VI Party Committee

Article 125 The Company shall establish the Party Committee. The Party Committee shall have one Secretary and several committee members. The Chairman of the Board of Directors and the Secretary of the Party Committee shall be the same person in principle, there shall be a full-time Vice Secretary in charge of the Party work of the Company. The qualified member of the Party Committee may act a member of the Board of Directors, Board of Supervisors, Management though legal procedure, and the qualified Party member of the Board of Directors, Board of Supervisors, and Management may act as a member of the Party committee according to relevant rules and procedures, Further, a Discipline Inspection Committee shall be established.

Article 126 The Party Committee of the Company shall perform its duty according to the Charter of the CPC and the Work Regulations of the CPC and other Party regulations.

(1) Ensure and supervise the implementation of the policies of the Party and Nation at the Company, implement the strategic decision of the CPC Central Committee, the State Council, and the work arrangement of the Party Committee of the State-owned Assets Supervision and Administration Commission ("SASAC"), and the higher Party organization.

(2) Insist the principle that the Party shall manage the officers, and that the Board of Directors shall have the right to select the managers according to the law, and that the managers shall have the right to select employees according to the law to be

integrated. The Party Committee shall consider the candidates nominated by the Board of Directors or President and CEO and raise opinions, or recommend candidates to the Board of Directors or President and CEO. The Party Committee shall examine the candidates with the Board of Directors and raise opinions after collective examination.

(3) Research and discuss the stability of development and reform, material management issue, employee benefits of the Company, and raises opinions and recommendations.

(4) Undertake the main responsibility of implementing the principle of "Strict Management of the Party". Take the lead of the ideological and political work of the Company, the United Front work, the construction of spiritual civilization, the construction of company culture and work of the Union, the Communist Youth League and other organizations. Lead construction of a clean Party and government, and support the work of Discipline Inspection to perform the duty of oversight.

Article 127 The funds for the work of Party organization shall be included in the budget of the Company and be disbursed from the management cost of the Company.

Chapter 7 President and CEO and Other Senior Executives

Article 128 The company has one President and CEO who is subject to appointment or dismissal by the board of directors.

The company has Chief Financial Officer and General Legal Counsel who shall be nominated by the President and CEO and subject to appointment or dismissal by the board of directors.

The President and CEO, Chief Financial Officer, General Legal Counsel and the secretary of board of directors shall be the senior executives of the company.

Article 129 Circumstances concerning the disqualification of directors as prescribed in Article 95 are also applicable to the senior executives. Provisions concerning the duty of loyalty of directors as prescribed in Article 97 and duty of care as prescribed in Article 98 (4)-(6) are also applicable to the senior executives.

Article 130 Those persons take other posts, except for directors and supervisors, in the units of the controlling shareholders and actual controllers of the company, shall not serve as senior executives of the company.

Article 131 The term of office of President and CEO shall be three years, and

President and CEO may be reappointed and reelected.

Article 132 The President and CEO shall be responsible to the board of directors, and exercise the following functions and powers:

(1) presiding over the production, operation and management of the company, organizing the implementation of the resolutions adopted by the board of directors and reporting work to the board of directors;

(2) organizing the implementation of annual business plans and investments plan of the company;

(3) drafting plans for establishment of the company's internal management organizations;

(4) signing documents which shall be signed by the legal representative of the company and executing the functions and powers of the legal representative;

(5) drafting the basic management system of the company;

(6) formulating the specific rules and regulations of the company;

(7) proposing for the board of directors to appoint or dismiss the Chief Financial Officer and General Legal Counsel of the company;

(8) deciding on the appointment or dismissal of other management personnel other than those shall be appointed or dismissed by the board of directors;

(9) deciding on the senior executives dispatched by the company to the controlled subsidiaries and non-controlled subsidiaries of the company;

(10) proposing for convening an interim meeting of the board of directors;

(11) advancing proposals to meeting of the board of directors; and

(12) other functions and powers conferred by these Articles of Association or the board of directors.

The President and CEO shall sit on the meeting of the board of directors.

Article 133 The work particulars applicable to the President and CEO shall be prepared by the President and CEO and may not be implemented unless approved by the board of directors.

Article 134 The work particulars applicable to the President and CEO shall include:

(1) conditions, procedures for holding the meeting of the President and CEO and the people attending such meeting;

(2) respective responsibilities and division of tasks of the President and CEO and other senior executives;

(3) application of company funds and assets, authority to sign important contracts, and systems for reporting to the board of directors and the board of supervisors; and

(4) other matters deemed necessary by the board of directors.

Article 135 The President and CEO may resign prior to the expiry of his term of office. The specific procedures and measures for such resignation shall be set forth in the labor contract between the President and CEO and the company.

Article 136 The procedure for appointment and removal of the Chief Financial Officer and General Legal Counsel shall refer to that of the President and CEO. Chief Financial Officer and General Legal Counsel shall assist the President and CEO in his work and execute the power and functions according to the division of tasks and authorizations as set forth in the work particulars applicable to the President and CEO.

Article 137 The company shall have a secretary of the board of directors who shall be responsible for preparing the shareholders' meeting and the meeting of the board of directors, keeping documents, conducting management of information regarding shareholders of the company and dealing with information disclosure matters, etc. The secretary of the board of directors shall abide by the related provisions of the laws, administrative regulations, rules and these Articles of Association.

The work particulars applicable to the secretary of the board of directors shall be prepared by the company, which includes the position, main duty and qualification, functions and powers, supervision, legal liability and resignation of the secretary of the board of directors. The work particulars applicable to the secretary of the board of directors shall be approved by the meeting of the board of directors.

Article 138 Where the senior executives violate laws, administrative regulations, rules or these Articles of Association when performing their duties, thus causing losses to the company, they shall be liable for compensation.

Chapter 8 Board of Supervisors

Section 1 Supervisors

Article 139 The circumstances mentioned under Article 95 hereunder regarding the disqualification for directors shall also apply to the supervisors.

The directors, President and CEO and other senior executives shall not concurrently act as supervisors.

Article 140 Supervisors shall abide by the laws, administrative regulations, and these Articles of Association and shall assume their obligation to the company to act dutifully and diligently, shall not abuse their functions and powers to accept bribery or other illegal income, nor misappropriate company assets.

Article 141 The term of office for each supervisor shall be three years. The supervisors may be reappointed and reelected upon the expiration of their term of office.

Article 142 Where new supervisors fail to be promptly elected upon the expiration of their term of office, or the resignation of supervisors within their term of office has resulted in the number of members of the board of supervisors being lower than the number of members required by law, then the former supervisors shall, before the newly elected supervisors take office, continue to perform their duties in accordance with the laws, administrative regulations, rules and these Articles of Association.

Article 143 Supervisors shall ensure the authenticity, accuracy and completeness of information disclosed by the company.

Article 144 Supervisors may sit on the meeting of the board of directors and raise inquiries or recommendations on resolutions made by the board of directors.

Article 145 The supervisors shall not abuse affiliated relationship to impair the company's interests, and if thus having caused losses to the company, they shall be liable for compensation.

Article 146 Where the supervisors violate the law, administrative regulations, rules or these Articles of Association when performing their duties and thus cause losses to the company, they shall be liable for compensation.

Section 2 Board of Supervisors

Article 147 The company shall set up a board of supervisors. The board of supervisors shall be composed of 3 supervisors, have one chairman and may include vice chairman(men). The chairman and vice chairman(men) of the board of supervisors shall be elected by more than half of all the members of the board of the supervisors.

The chairman of the board of supervisors shall convene and preside over the meeting of the board of supervisors; where the chairman of the board of supervisors is unable to or fails to perform his duties, the vice chairman(men) shall convene and preside over the meeting of the board of supervisors; where the vice chairman(men) is unable to or fails to perform his duties, a supervisor shall be chosen by more than half of all the supervisors to convene and preside over the meeting of the board of supervisors.

The board of supervisors shall include the shareholders' representatives and an appropriate proportion of representatives of the company's staff and workers, which shall not be less than 1/3. The representatives of staff and workers in the board of supervisors shall be elected by the company's staff and workers at the meeting of the representatives of the staff and workers, the meeting of the staff and workers, or in any other democratic manner.

Article 148 The board of supervisor shall exercise the following functions and powers:

(1) examining the periodical reports of the company as prepared by the board of directors and giving its examination opinions in writing;

(2) inspecting the company's financials;

(3) supervising the acts of directors and senior executives in performing their duties, and proposing the removal of directors and senior executives who violate laws, administrative regulations, these Articles of Association or resolutions adopted by the shareholders' meeting;

(4) requiring directors and senior executives to rectify acts that impair the interests of the company;

(5) proposing to hold the interim shareholders' meeting, and convening and presiding over the shareholders' meeting where the board of directors fails to fulfill such duties as prescribed in the Company Law;

(6) raising proposals to the shareholders' meeting;

(7) proposing for convening an interim meeting of the board of directors;

(8) filing suits against the directors and senior executives according to Article 151 of the Company Law;

(9) may investigating upon the discovery that company's business is abnormal; when necessary, may engaging professional parties including accounting firms and law firms, etc. to assist in their work and the expenses thereof shall be borne by the company.

(10) Requiring the directors, senior executives and internal audit personnel to attend the meeting of the board of supervisors and address the questions raised by the board of supervisors; and

(11) Other powers and functions as set forth in laws, administrative regulations, rules or these Articles of Association.

Article 149 The board of supervisors shall hold at least one meeting of the board of supervisors every six months. The supervisors may propose to hold interim meetings of the board of supervisors. Resolutions of the board of supervisors shall require approval from more than half of all the supervisors.

Article 150 The board of supervisors shall devise procedural rules for the meeting of the board of supervisors and define the discussion methods and voting procedures of such meetings, so as to ensure the work efficiency and scientific decision making of the board of supervisors.

Article 151 The board of supervisors shall record all matters under discussion and attending supervisors shall sign the minutes of the meeting of the board of supervisors.

Supervisors shall have the right to require that explanatory records of their speeches be made in the meeting minutes. Minutes of the meeting of the board of supervisors shall be kept on company file for at least 10 years.

Article 152 The notice of the meeting of the board of supervisors shall include the following:

(1) date, place and time limit of the meeting;

(2) matters and topics for discussion; and

(3) issuing date of the notice.

Chapter 9 Financial and Accounting Systems, Profit Distribution and Auditing

Section 1 Financial and Accounting Systems

Article 153 The company shall formulate its financial and accounting systems in accordance with the laws, administrative regulations and the provisions of relevant State authorities.

Article 154 The company shall submit its annual financial and auditing report to the CSRC and the Stock Exchange within four months from the end of each fiscal year; its semi-annual financial and accounting report to the CSRC Hubei Branch and the Stock Exchange within two months from the end of the first six months of each fiscal year; its quarterly financial and accounting reports to the CSRC Hubei Branch and the stock exchange within one month from the end of the first three months and the first nine months of each fiscal year.

The aforesaid financial and accounting reports shall be prepared in accordance with the relevant laws, administrative regulations and rules.

Article 155 The company shall not establish any other accounting books except for the statutory ones. No assets of the company shall be deposited in any account opened in the name of any individual.

Article 156 When distributing each year's after-tax profits, the company shall withdraw 10% of its after-tax profits for the company's statutory common reserve fund. When the aggregate balance in the statutory common reserve fund is 50% or more of the registered capital of the company, it is not necessary to withdraw any profits.

When the company's statutory common reserve fund is not sufficient to make up for the company's losses of the previous year, profits of the current year shall be used to make up for the losses before allocations are made for the statutory common reserve fund in accordance with the previous paragraph.

After having withdrawing the statutory common reserve fund from the after-tax profits, the company may also, with the approval of the resolution of the shareholders' meeting, withdraw any common reserve fund from the after-tax profits.

After the company has made up its losses and made allocations to its common reserve fund, the remaining after-tax profits shall be distributed in proportion to the number of

shares held by the shareholders, unless otherwise specified by these Articles of Association.

If the shareholders' meeting violates the provisions in the preceding paragraph and profits are distributed to the shareholders before the company makes up for losses or makes allocations to the statutory common reserve fund, the profits distributed in violation of the provisions must be returned by such shareholders to the company.

The shares held by the company itself shall not participate in profit distribution.

Article 157 The common reserve fund of the company is used to make up its losses, expand its production and operations or for conversion into additional capital of the company. However, the capital reserve fund shall not be used for making up losses of the company.

When the statutory common reserve fund is converted to capital, the balance of such fund shall be no less than 25% of the registered capital prior to such conversion.

Article 158 After the shareholders' meeting has adopted the resolution on the plan for distribution of the company's profits, the board of directors of the company shall complete the distribution of dividends (or shares) within two months from the date of the shareholders' meeting.

The dividends or other payment distributed to the shareholders of the domestic shares by the company shall be calculated and announced in RMB and paid in RMB; the dividends or other payment distributed to the shareholders of domestically listed foreign-funded shares by the company shall be calculated and announced in RMB and paid in Hong Kong Dollar; dividends of domestically listed foreign-funded shares may be remitted out of China according to provision of laws and rules.

The required Hong Kong dollars regarding the dividends or other payment distributed to the shareholders of domestically listed foreign-funded shares shall be settled according to relevant provision of foreign exchange of China. The applicable exchange rate shall be the intermediate price of the Hong Kong Dollar in exchange to RMB announced by the People's Bank of China on the first working day after the resolution of the shareholder's meeting.

Article 159 The Policy and Decision-making Process of Distributing Profits of the company

(I) General principles of distributing profits of the company

1. The company shall fully consider the return to investors and distribute the profits of shares to the shareholders according to the proportion of the profit available for

distribution as set forth in the consolidated statements of the current year.

2. The company shall implement a continuous and stable profit distribution policy, taking into account the long-term interests of the company, the overall interests of all shareholders and the sustainable development of the company;

3. Where a shareholder occupied the company's funds in violation of rules, when the company distributes profits, those funds occupied by the shareholder shall be deducted from cash dividends supposed to be allocated to him.

(II) The interval of distribution of profits

Where the company is profitable and its profit available for distribution is positive in the current year, the company shall distribute the profits once a year generally. Where the company's profit scale, cash flow status and demand for funds in the current period allows, interim dividends may be distributed.

(III) The specific policies for distribution of profits are as follows:

1. The form of distribution of profits: the company may use cash, shares or cash and shares in combination, or other ways permitted by laws and regulations to distribute profits.

2. The conditions and proportion of distributing cash dividends of the company:

   The company shall distribute cash dividends if the company is profitable and its accumulated undistributed profits are positive in the current year, and there are no significant investment plans or major cash disbursements which will affect the distribution of profits.

   The standard of the abovementioned significant investment plans or major cash disbursements shall be construed with relevant provisions as required by the Listing Rules of Shenzhen Stock Exchange.

   The annual cash distribution of profits of the company shall not be less than 10% of profit available for distribution of the year, and the cumulative cash distribution of profits of the company shall not be less than 30% of average annual profit available for distribution during the last three years.

3. The conditions of distributing stock dividends of the company

   Where the company well operates and the board of directors believes that the issuance of stock dividends is beneficial to the overall interests of all shareholders of the company, the board of directors may, in the case of satisfying the conditions

of abovementioned cash dividends, propose a stock distribution plan for dividend of the company.

(IV) The examination and deliberation procedure of profit distribution plan:

1. The board of directors shall, according to the situation of profitability, the supply and demand of funds, propose a plan for the distribution of profits, and discuss the reasonableness of such plan, and the independent directors shall issue independent opinions on the profit distribution plan. The profit distribution plan shall be submitted to the board of directors and the board of supervisors for examination, deliberation and approval, and after approved by the board of directors and the board of supervisors, the plan shall be submitted to the shareholders' meeting for examination and deliberation.

   When examining and deliberating the profit distribution plan, the voting method adopted by the shareholders' meeting may be online voting under special circumstances in addition to on-site voting.

   Minority shareholders and independent directors may collect voting rights according to these Articles of Association, for the full exercise of shareholders' voting rights by the shareholders. When the shareholders' meeting examines and deliberate the cash dividend plan, it should communicate with shareholders, especially minority shareholders through a variety of channels, ensure that communication channels are smooth, fully listen to the views and claims of minority shareholders, and answer questions of minority shareholders promptly.

2. Where the company is profitable and accumulated undistributed profit of the company of the current year is positive, but fails to propose a cash profit distribution plan, the board of directors should make special clarifications as to the specific reasons for not distributing cash profit, the specific use of the retained earnings of the company and expected return on such investment, etc., which shall be submitted to the shareholder's meeting for examination and deliberation after opined on by the independent directors.

(V) Adjustment of profit distribution policy

Where, due to major changes in external business environment or its own operating conditions, the company does need to alter the profit distribution policy set forth in the Articles of Association. Such alteration shall be approved by the board of directors after examination and deliberation thereof and then submitted to the shareholders' meeting for examination and deliberation, and shall be approved by more than 2/3 of the voting rights of shareholders (or proxies thereof) who attend the shareholders' meeting. The adjusted profit distribution plan shall not violate the relevant provisions of the CSRC and Shenzhen Stock Exchange. When examining and deliberating such

alteration, the company shall provide shareholders with way of online voting.

Section 2 Internal Audit

Article 160 The company shall implement the internal auditing system and have such full-time auditors to undertake internal audit and supervision over the financial income, expenditures and the economic activities of the company.

Article 161 The company's internal auditing system and the duties of the auditors shall be implemented after approved by the board of directors. The person in charge of the audit shall be responsible and report work to the board of directors.

Section 3 Appointment of Accounting Firms

Article 162 Accounting firms which "qualify for securities-related businesses" shall be engaged by the company to render such services as the auditing of accounting statements, verification of net assets and other relevant consulting matters. The appointment of accounting firms will be valid for one year and may be renewed.

Article 163 The appointment by the company of accounting firms shall be decided by the shareholders' meeting, and the board of directors shall not appoint the accounting firm before the resolution is adopted by the shareholders' meeting.

Article 164 The company shall ensure to provide the engaged accounting firm with authentic and complete accounting evidence, accounting books, financial and accounting reports and other accounting materials, and shall not refuse to provide, conceal or falsely report them.

Article 165 The auditing fee for the accounting firm shall be decided by the shareholders' meeting.

Article 166 Where the company dismisses or does not renew the mandate of the accounting firm, it shall inform the accounting firm 30 days in advance to such effect. Where the shareholders’ meeting votes on the dismissal of the accounting firm, the accounting firm shall be permitted to state its opinions.

Where the accounting firms resign, the accounting firm shall report to the shareholders' meeting whether there is any abnormal situation found in the company.

Chapter 10 Notices and Announcements

Section 1 Notice

Article 167 Any notice of the company shall be sent out by the following means:

(1) personal delivery;

(2) mail;

(3) e-mail or fax;

(4) announcement;

(5) any other means prescribed in these Articles of Association.

Article 168 Where the notice of the company is sent out by the means of announcement, upon the said announcement the notice shall be deemed to have been effectively served to all parties concerned.

Article 169 The notice of the shareholders' meeting held by the company shall be sent out by means of announcement.

Article 170 The notice of the meeting of the board of directors shall be sent out by means of personal delivery, mail, e-mail or fax, except as provided otherwise in this Article.

Article 171 The notice of the meeting of the board of supervisors shall be sent out by means of personal delivery, mail, e-mail or fax.

Article 172 Where the notice is sent out by personal delivery, it shall be deemed effectively served on the day when the receiver signs (seals) the return receipt; where by mail, on the fifth working days after being turned over to the post office; where by means of email and fax and there are evidence proving such sending out, on the day of sending out; where by means of announcement, on the day of the first public announcement.

Article 173 Where the meeting notice is not sent to the person entitled to receive the same due to any accidental omission or where no meeting notice is received by such person, the validity of the meeting and of any resolution adopted at the meeting

shall not be thus invalid.

Section 2 Announcement

Article 174 The company designates China Securities Journal and Securities Times as the Chinese newspaper for release of company's announcement and disclosure of other information; The company designates Ta Kung Pao as the English newspaper for the publication of company's announcement and disclosure of other information; The company designates http://www.cninfo.com.cn as the website for the publication of company's announcement and disclosure of other information.

Chapter 11 Merger/Consolidation, Spin-off, Capital Increase, Capital Reduction, Dissolution and Liquidation

Section 1 Merger/Consolidation, Spin-off, Capital Increase and Capital Reduction

Article 175 Company mergers/consolidations may be classified into mergers or consolidations.

Merger is where one company merges with another company whereby the absorbed company shall be dissolved. Consolidation is where at least two companies are consolidated into a new company whereby the consolidated parties are dissolved respectively.

Article 176 The merger/consolidation of companies shall require a merger/consolidation contract signed by all the merger/consolidation parties and the balance sheet and inventory of properties shall be prepared. The company shall within 10 days from the date of the merger/consolidation resolution is made, notify its creditors and make the announcement in relevant medias within 30 days. The creditors may, within 30 days from the date of the receipt of the said notice or if receiving no notice within 45 days from the date of the said announcement, ask the company to discharge the company's debts or provide the relevant guarantees.

Article 177 Upon the merger/consolidation of the company, the credit and debts of all the relevant merger/consolidation parties shall be succeeded by the company

surviving the said merger/consolidation or the newly-established company.

Article 178 In the case of the spin-off of the company, its assets shall be divided correspondingly.

In the case of the spin-off of the company, the balance sheet and the inventory of properties shall be prepared. The company shall inform its creditors within 10 days from the date of division resolution, and make an announcement in China Securities Journal or Securities Times and Ta Kung Pao within 30 days.

Article 179 For the debts of the company prior to the said spin-off, the company existing thereafter shall bear the joint and several liabilities, unless otherwise specified in the written agreement which is concluded before the said spin-off by the company with its creditors on the discharge of the company's debts.

Article 180 Where the company needs to reduce its registered capital, it shall prepare the balance sheet and the inventory of properties.

The company shall notify its creditors within 10 days from the date of resolution on decrease in the registered capital and make the announcement in relevant media within 30 days. The creditors shall, within 30 days from the date of the receipt of the said notice or if failing to receive such notice within 45 days from the date of the said announcement, have the right to ask the company to discharge the company's debts or provide the relevant guarantees.

The registered capital after the decrease therein by the company shall not be lower than the minimum amount specified by law.

Article 181 Where the company undertakes merger/consolidation or spin-off thus altering its registration items, it shall handle according to the law the formalities of alteration of its registration with the company registration authority; where the company is dissolved, it shall cancel its registration legally; where a new company is established, it shall deal with company establishment registration formalities in accordance with the law.

The company shall, if increasing or decreasing its registered capital, handle the alteration registration formalities with the company registration authority in accordance with the law.

Section 2 Dissolution and Liquidation

Article 182 The company may be dissolved due to any of the followings

reasons:

(1) pursuant to these Articles of Association, the operational period of the company has expired or one of the other events which are grounds for dissolution has occurred

(2) resolution of dissolution made by the shareholders' meeting;

(3) dissolution is necessary due to the merger/consolidation or spin-off of the company;

(4) business license is revoked, canceled or it is ordered to close down, according to the law; or

(5) if the company has great difficulties in business operation and management and its continuation may incur significant losses to the shareholders, which cannot be solved by other means, then the shareholders holding more than 10% of the voting shares of the company may request to the people's court for dissolution of the company.

Article 183 The company may survive by amending its Articles of Association in the case of the circumstance mentioned in Item (1) of Article 178.

Any amendment hereto pursuant to the preceding paragraph shall require the approval of more than 2/3 of the voting rights represented by the shareholders attending the shareholders' meeting.

Where the company is dissolved in accordance with the provisions in Items(2), (4), and (5) of Article 178 hereof, it shall establish a liquidation group within 15 days from the date of occurrence of the cause of liquidation to commence liquidation proceedings. The liquidation group shall be composed of directors or the persons decided by the shareholders' meeting. Where the liquidation group fails to be established within the time limit, the creditors of the company may apply to the people's court, requesting the people's court to establish the liquidation group to start liquidation proceedings.

Article 184 The liquidation group shall discharge the follows duties during its liquidation:

(1) liquidating the company's assets, and respectively preparing the balance sheet and the inventory of assets;

(2) notifying and making an announcement to the creditors;

(3) transacting the unfinished businesses of the company in connection with the liquidating;

(4) making full payment of taxes owed and taxes imposed during the process of liquidation;

(5) clearing the creditor's claims and debt;

(6) handling the residual properties after the company has discharged its debts; and

(7) representing the company in any civil litigations.

Article 185 The liquidation group shall notify the creditors within 10 days from the date of its establishment and make the announcement within 60 days in newspaper appointed by the CSRC. The creditors shall, within 30 days from the date of the receipt of the said notice, or if failing to receive such notice, within 45 days from the date of the said announcement, declare their creditors' rights to the liquidation group.

When reporting claims, the creditors shall explain matters relevant to their claims and shall provide evidentiary materials. The liquidation group shall register creditor's claims.

During the declaration of the creditor's claims, the liquidation group shall not discharge the debts of creditors.

Article 186 The liquidation group shall, after having liquidated the company' assets and prepared the balance sheet and the inventory of properties, formulate the liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

The portion of the company's properties remaining after they are used to pay for the liquidation expense, salary of the staff and workers, social insurance expense, statutory compensation, and the taxes and debts in arrears, shall be distributed by the company in proportions to shares held by the shareholders.

The company shall, during the liquidation period, remain in existence, but shall not carry out activities irrelevant to the liquidation. The company's properties, before they are used to discharge the company's debts in accordance with the preceding paragraph, may not be distributed to the shareholders.

Article 187 Where after liquidating the company's properties and preparing the balance sheet and the inventory of properties, the liquidation group discovers that the company's properties are insufficient to repay the company's debts, it shall apply for bankruptcy to the people's court.

After the company is declared bankrupt by ruling of the people's court, the liquidation group shall transfer liquidation matters to the people's court.

Article 188 After the completion of the liquidation, the liquidation group shall devise a liquidation report and submit it to the shareholders' meeting or the people's court for confirmation and also to the company registration authority for cancellation of the company's registration and then shall announce the termination of the company.

Article 189 Members of the liquidation group shall be faithful to their duties and fulfill their liquidation obligations in accordance with the law.

Members of the liquidation group shall not abuse their powers to accept bribery or any other illegal income, nor misappropriate the company's properties.

Where members of the liquidation group incur losses to the company or the creditors thereof intentionally or due to gross negligence, they shall be liable to compensation.

Article 190 Where the company is lawfully declared bankrupt, it shall carry out bankruptcy liquidation in accordance with laws concerning the bankruptcy of enterprises.

Chapter 12 Amendments to the Articles of Association

Article 191 The company shall amend these Articles of Association in any of the following circumstances:

(1) after the Company Law or other relevant laws or administrative regulations are amended, the matters specified under these Articles of Association are in conflict with the provisions of the laws, or administrative regulations as amended;

(2) any change occurs in the company and it is thus not in conformity with the matters recorded in the company's Articles of Association; or

(3) any amendment to the Articles of Association of the company is decided by the shareholders' meeting.

Article 192 Where any amendment to the Articles of Association of the company as passed by resolution of the shareholders' meeting requires the examination and approval of the competent authority, such amendment shall be submitted to the competent authority for approval; where registration matters are involved, the formalities of amending registration shall be handled according to the law.

Article 193 The board of directors shall amend these Articles of Association in accordance with the resolutions adopted by the shareholders' meeting on amendment to the company's Articles of Association and pursuant to the approval opinions of the competent authority.

Article 194 Where any amendment to these Articles of Association is related to information required by laws and regulations to be disclosed, such amendment shall be announced in accordance with the relevant provisions.

Chapter 13 Supplementary Provisions

Article 195 Definitions

(1) The "controlling shareholders" shall refer to the shareholders whose holdings of shares account for more than 50% of the total shares in the company; or shareholders who hold less than 50% of the total shares in the company but whose shares can represent such voting rights as sufficient to greatly affect the resolutions made by the shareholders' meeting.

(2) The "actual controllers" shall refer to the persons, other than shareholders, who are able to actually control the acts of the company through investment relationship, according to agreement or by any other arrangement.

(3) The "affiliated relationship" shall refer to the relationship between the company's controlling shareholders, actual controllers, directors, supervisors, senior executives, and enterprises directly or indirectly under their control, as well as any other relationship which may cause transfer of the company's interests. However, the relationship between State-controlled enterprises is not an affiliated relationship due to the fact that such enterprises are under the common control of the State.

Article 196 The board of directors may, in accordance with its Articles of Association, formulate detailed rules for implementation of these Articles of Association which shall not go against the provisions thereof.

Article 197 These Articles of Association shall be written in Chinese. Where a version in any other language or a different version is in conflict with these Articles of Association, the most recently approved Chinese version as registered with Administration of Industry and Commerce of Hubei Province shall prevail.

Article 198 Such terms as "no less than", "within" and "no more than" used in these Articles of Association shall include the given figures; such terms as "beyond",

"less than" and "more than" used in these Articles of Association shall exclude the given figures.

Article 199 These Articles of Association shall be interpreted by the board of directors of the company.

Article 200 Any appendix to these Articles of Association shall include the procedural rules of the shareholders' meeting, the meeting of the board of directors and the meeting of the board of supervisors respectively and the work particulars applicable to the independent directors.

Article 201 These Articles of Association shall come into effect on the date of resolution of shareholder’s meeting thereof.

Hubei Sanonda Co., Ltd.