

Keda Industrial Group Co., Ltd.

Articles of Association



April 2023

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Chapter 1 General Provisions

Article 1 In order to protect the legal rights of the Company, shareholders and creditors, regulate the organization and behavior of the Company, the Article of Association is established according to the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, and other relevant regulations.

Article 2 The Company is a joint stock limited company (hereinafter referred to as "the Company") established in accordance with the Company Law, Securities Law and other relevant regulations.

The Company, upon the approval of the People's Government of Guangdong Province with the Yue Ban Han [2000] No. 436 Replies about Agreeing to Establish Keda Industrial Co., Ltd., is changed and established from the whole restructuring of the Company's predecessor - Shunde Keda Ceramic Machinery Co., Ltd. The Company was registered with and the business license has been obtained from the Guangdong Province Administration for Industry & Commerce, and the unified social credit code is 91440606231923486M.

Article 3 The Company, with the approval of the China Securities Regulatory Commission (hereinafter referred to as "CSRC"), issued 20,000,000 RMB-denominated ordinary shares (hereinafter referred to as "A shares") to the public for the first time on September 18, 2002, and was listed on the Shanghai Stock Exchange on October 10, 2002.

The Company, with the approval of the CSRC, issued 12,000,000 global depositary receipts (hereinafter referred to as "GDR") on July 28, 2022, representing 60,000,000 A shares calculated according to the conversion ratio determined by the Company, and was listed on the SIX Swiss Exchange on July 28, 2022.

Article 4 Registered name of the Company:

Full Name in Chinese: 科达制造股份有限公司

Full Name in English: Keda Industrial Group Co., Ltd.

Article 5 The domicile of the Company: No. 1, West Huanzhen Road, Guanglong Industrial Park, Chencun Town, Shunde District, Foshan City, Guangdong Province, Postal Code: 528313.

Article 6 The registered capital of the Company is RMB 1,917,856,391

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

Article 8 The chairman is the legal representative of the Company.

Article 9 All the assets of the Company shall be divided into equal shares, with the shareholders bearing responsibilities for the Company to the extent of the shares they have subscribed for and the Company responsible for liabilities to the extent of all its assets.

Article 10 From the effective date, the Articles of Association of the Company shall immediately become a legally binding document regulating the organization and behavior of the Company, the rights and obligations between the Company and shareholders, and between shareholders and shareholders, and a legally binding document for the Company, shareholders, directors, supervisors and senior managers. In accordance with the Articles of Association, the shareholders may sue shareholders, the directors, supervisors, general managers and other senior managers of the Company, and the Company, and the Company may sue shareholder, directors, supervisors, general manager and any other senior managers.

The "sue" mentioned in the preceding paragraph includes filing a lawsuit with a court or applying for arbitration to an arbitration institution.

Article 11 Other senior managers herein refer to the Company's deputy general manager, secretary of the board of directors and chief financial officer.

Chapter 2 Business Purpose and Scope

Article 12 The business purpose of the Company: to make full use of all factors that are conducive to the Company under the condition of socialist market economy, to carry on its lawful business, to actively expand the domestic and foreign markets, to continuously improve the competitiveness of the Company in the market and to keep the shareholders in good investment returns.

Article 13 The lawfully registered business scope of the Company: the manufacture of ceramics, stone, wall materials and other energy saving and eco-friendly building materials machinery and equipment, the research, development and manufacture of automation technologies and equipment; the sales of mechanical and electrical spare parts, sand wheel grinding tools and materials, ceramic products; the research, development, manufacture and sales of clean energy related mechanical equipment, related automation technologies and equipment; the manufacture and sales of clean gas (excluding urban gas and hazardous chemicals), vapor and steam; information technology services, software development and sales, system integration, hardware equipment leasing and sales, network technology consulting services; waste water, solid wastes and hazardous wastes disposal and related services and the production and sales of derivative products (operate with a valid license); the export of products and related technologies of the Company and its subsidiaries, and the import of raw and auxiliary materials, machinery and equipment, instruments and meters, spare parts and related technologies for production and research (except for items that the Company is limited to operate or prohibited to import and export by the State); and the Company's processing with imported materials and "processing and compensation

trades" business (subject to [2000] Wai Jing Mao Fa Zhan Shen Han Zi No. 3250).(As to items subject to legal approval, business activities shall be approved by the appropriate authorities)

The business scope of the Company shall be subject to the items approved by the company registration authority.

Chapter 3 Shares

Section 1 Issuance of Shares

Article 14 The Company's shares are in the form of stocks.

Article 15 The issuance of shares of the Company shall adopt the principles of openness, fairness and impartiality, and each share of the same kind shall have the equal rights.

The shares issued at the same time shall be equal in price and shall be subject to the same conditions. The price of each share subscribed by any organization or individual shall be the same.

Article 16 The shares issued by the Company are marked with par value in RMB.

Article 17 With the registration / filing of the securities authority under the State Council, the Company may issue shares or GDRs to domestic investors and overseas investors.

The term " overseas investors" as mentioned in the preceding paragraph refer to investors from foreign countries or from Hong Kong, Macao and Taiwan who subscribe for shares or GDRs issued by the Company; "domestic investors" refer to investors within the territory of the People's Republic of China other than the aforementioned regions who subscribe for shares issued by the Company or subscribe for GDRs on the premise of complying with the regulations of the state on overseas investment.

Article 18 The shares issued by the Company in China and the newly added shares in China corresponding to GDRs issued abroad shall be centrally deposited with China Securities Depository and Clearing Co., Ltd.

Article 19 The promoters of the Company are Sanshui Oceano Ceramics Co., Ltd., Sanshui Yingrui Building Materials Science and Technology Co., Ltd., Lu Qin, Bao Jiejun, Wu Guizhou, Feng Hongjian, Wu Yuefei; and on May 13, 2000, the capital contribution was made by means of subscription of shareholders' equity.

Article 20 The total number of shares of the Company was 1,917,856,391 shares, and the Company's share capital structure is: 1,917,856,391 ordinary shares.

Article 21 The Company or its subsidiaries (including its affiliates) shall not, by such means as donation, advancement, guarantee, compensation, or loan, provide any funding to the buyer or potential buyer of shares of the Company.

Section 2 Increase, Decrease and Buyback of Shares

Article 22 The Company may, in accordance with the needs of operation and development as well as provisions of laws and regulations, adopt the following means to increase capital provided that the resolution has been made at the general meeting, including:

- (1) Public issuance of shares;
- (2) Non-public issuance of shares;
- (3) Distribute bonus shares to existing shareholders;
- (4) Conversion of reserve fund into share capital;

(5) Any other ways stipulated by the laws and administrative regulations and approved by the CSRC.

The issuance of new shares by the Company through capital increase shall, after being approved in accordance with the provisions of the Articles of Association, be handled in accordance with the procedures prescribed by relevant laws and administrative regulations.

Article 23 The Company may decrease registered capital. The reduction of registered capital shall be handled in accordance with the Company Law and other relevant provisions and procedures prescribed in the Articles of Association.

Article 24 The Company shall not repurchase its shares, the shares of the Company may be purchased under the following circumstances

- (1) Reducing the Company's registered capital;
- (2) The Company merges with other companies holding its shares;
- (3) Use of the shares for employee share ownership plan or share incentive plan;
- (4) Shareholders request the Company to buy back their shares in light of their disagreement with the merger or division resolutions made by the general meeting;
- (5) The Company needs the shares to convert into corporate bonds issued by the Company that can be converted into shares;
- (6) The Company believes it's necessary to do so to uphold the Company's values and shareholders' equity;

(7) Other circumstances permitted by laws and administrative regulations.

The Company may repurchase its own shares by means of public trading on the stock exchange, and other means approved by laws, administrative regulations and the CSRC.

When the Company buys back its shares under the circumstances stipulated in Article 24, Paragraphs (3), (5) and (6) of the Articles of Association, it shall be effected by centralized public bidding.

Article 25 When the Company buys back its shares under the circumstances stipulated in Article 24, Paragraphs (1) and (2) of the Articles of Association, it is subject to the resolution of the general meeting; when the Company buys back its shares under the circumstances stipulated in Article 24, Paragraphs (3), (5) and (6) of the Articles of Association, it is subject to the approval by resolution of the meeting of the board of directors attended by more than two thirds of the directors.

After the Company acquires the shares of the Company in accordance with Article 24, such shares shall be cancelled within 10 days from the date of acquisition in the case of Paragraph (1); shall be transferred or cancelled within 6 months in the case of Paragraphs (2) and (4); the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years in the case of Paragraphs (3), (5) and (6).

If the Company repurchases its shares and cancels such shares, it shall apply to the original company registration authority for registration of change of registered capital according to law. The total par value of the cancelled shares shall be deducted from the registered capital of the Company.

Section 3 Transfer of Shares

Article 26 The shares of the Company can be transferred according to law.

Article 27 The Company shall not accept its own shares as the subject of pledge.

Article 28 The Company's shares held by its promoters shall not be transferred within 1 year after its incorporation. The Company's shares issued before public offer shall not be transferred within 1 year after its shares are listed and traded at the stock exchange.

The Company's directors, supervisors and senior managers shall declare to the Company their shares in the Company and the changes of such shares, and they shall not transfer more than 25% of the total number of their shares in the Company each year during their term of office; the shares they hold in the Company shall not be transferred within 1 year after the Company's shares are listed and traded. The above-mentioned personnel shall not transfer any of their shares in the Company within half a year after they left office.

Article 29 If the directors, supervisors, senior managers of the Company or the shareholders who hold more than 5% of the shares in the Company sell the Company's shares or other securities with equity nature within six months after buying them, or buy such shares or other securities within six months after selling them, the earnings arising therefrom shall belong to the Company, and the board of directors of the Company shall claim back such earnings. However, where the securities company holds more than 5% of the shares due to the purchase of the remaining shares upon underwriting and other circumstances stipulated by the CSRC, shall be excluded.

The shares or other securities with equity nature held by directors, supervisors, senior managers and natural person shareholders mentioned in the preceding paragraph include shares or other securities with equity nature held by their spouses, parents and children, and shares or other securities with equity nature held in other people's accounts.

Where the board of directors of the Company refuses to comply with the provisions in paragraph 1 of this Article, the shareholders have the right to ask the board of directors to enforce it within 30 days. Where the board of directors of the Company fails to implement within the above-mentioned period, the shareholders have the right to directly bring a lawsuit to the people's court in their own name for the benefit of the Company.

Where the board of directors of the Company fails to perform according to the provisions of the Paragraph 1, the responsible director shall bear joint liability in accordance with the laws.

Chapter 4 Shareholders and General Meeting

Section 1 Shareholders

Article 30 The Company shall prepare a register of shareholders based on the evidences provided by the securities registration institution, and the register of shareholders is sufficient evidence to prove that the shareholders hold the shares of the Company. Shareholders enjoy rights and undertake obligations according to the class and number of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and undertake the same obligations.

Article 31 In the event of general meeting, distribution of dividends, liquidation and any other acts that require certification of the shareholders' identity, the board of directors or the convener of the general meeting will decide a date of record, and those whose names appear on the register of shareholders at the close of trading on that date shall be shareholders entitled to the relevant rights and interests.

Article 32 Shareholders of the Company shall have the rights to:

(1) Dividend or other forms of interest distribution in accordance with the proportion of their shares;

(2) Request, convene, preside over, attend or appoint the shareholder's proxy to attend the general meeting and exercise the corresponding voting rights according to laws;

(3) Supervise the operation of the Company and put forward suggestions or inquiries;

(4) Transfer, give away or pledge the shares they hold according to the laws, administrative regulations and the Articles of Association;

(5) Review the Articles of Association, register of shareholders, counterfoil of corporate bonds, minutes of shareholders' meeting, resolutions of the meeting of the board of directors, resolutions of the meeting of the board of supervisors, financial and accounting reports; (6) Participate in the distribution of the residual property of the Company in accordance with their shares in occasion of the Company's termination or liquidation;

(7) The shareholders request the Company to acquire their shares if they disagree with the merger or division resolution of the Company made by the general meeting;

(8) Other rights provided by the laws, administrative regulations, departmental rules and the Articles of Association.

Article 33 Shareholders requesting inspection of the above-mentioned information or asking for the relevant materials shall provide the Company with such written documents evidencing the class and amount of their shareholding in the Company, and the Company shall, after verification of such shareholders, provide such information as requested.

Article 34 Shall the resolutions of the general meeting or the meeting of the board of directors violate the laws or administrative regulations, the shareholders shall have the right to request the people's court to invalidate such resolutions.

In case the convening procedure or voting method of a general meeting or the board of director's meeting violates the laws, administrative regulations or the Articles of Association, or the contents of the resolutions violate the Articles of Association, the shareholders shall have the right to request within 60 days of the resolution the people's court to annul such procedures, methods or contents.

Article 35 For losses arising from directors or senior managers violating the laws, administrative regulations or the provisions of the Articles of Association when performing the duties of the Company, the shareholders who hold more than 1% of the Company separately or in combination for more than 180 consecutive days shall have the right to request the board of supervisors to file a lawsuit to the people's court in writing; For losses caused to the Company by the board of supervisors when performing the duties of the Company in violation of the laws, administrative regulations, or the

provisions of the Articles of Association, the shareholders may request the board of directors to file a lawsuit to the people's court in writing.

Where the board of supervisors or the board of directors refuses to file a lawsuit after receiving the written request of shareholders specified in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receiving the request, or where there is a circumstance so urgent that failure to bring a lawsuit immediately will cause irreparable damage to the interests of the Company, the shareholders mentioned in the preceding paragraph have the right to bring a lawsuit directly to the people's court in their own name for the benefit of the Company.

If any other person infringes upon the lawful rights and interests of the Company and thereby causing losses to the Company, the shareholder(s) specified in Paragraph 1 of this Article may institute proceedings in a people's court pursuant to the provisions of the preceding two paragraphs.

Article 36 Should any directors or the senior managers violate the laws, administrative rules or the provisions of the Articles of Association, causing damage to the shareholders' interests, the shareholders may file a lawsuit with the people's court.

Article 37 Shareholders of the Company shall bear the following obligations:

- (1) To observe laws, administrative rules and the Articles of Association;
- (2) To pay for the subscribed shares as per the manner of contribution;
- (3) Not to withdraw except the circumstances prescribed in laws, rules and regulations;
- (4) Not to abuse the shareholders' rights to damage the benefit of the Company or other shareholders, or damage the benefit of the Company's creditors in the Company's capacity as an independent corporate juridical person with the shareholders' limited liability;
- (5) Any other obligations that the shareholders shall bear as per the laws, administrative rules and the provisions of the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby cause loss on the Company or other shareholders shall be liable for loss compensation according to the laws. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company

Article 38 The shareholders holding more than 5% of the voting shares of the Company, when pledging the shares, they hold, shall submit a written report to the Company upon the occurrence of such facts.

Article 39 The controlling shareholders or actual controllers of the Company shall not use their affiliation to harm the Company's interests. If this provision is contravened, causing losses to the Company, they shall bear the liabilities for compensation.

The controlling shareholders and the actual controllers of the Company assume the fiduciary duties to the Company and the public shareholders. The controlling shareholders shall exercise the rights of the investors in strict accordance with the law. The controlling shareholders shall not damage the legitimate rights and interests of the Company and the public shareholders by means of profit distribution, asset reorganization, external investment, capital occupation, loan guarantee, etc., shall not use its control status to prejudice the interests of other shareholders and the Company, or obtain other illegal income nor misappropriate the fund of the Company and other resources.

The controlling shareholders who nominate candidates for directors and supervisors of the Company shall follow the conditions and procedures prescribed by laws and regulations and the Articles of Association. The controlling shareholders shall not set up approval procedures for the results of the election of personnel by the general meeting and the resolution of the appointment of personnel by the board of directors. The controlling shareholder, the actual controllers and their affiliated parties shall not interfere the decision-making procedures of the Company by violating any requirement stipulated by laws or the Articles of Association with prejudice to the interests of all or part of the shareholders. The board of directors of the Company shall establish a mechanism "to freeze upon misappropriation" for the shares major shareholders hold, i.e., once controlling shareholders are found to have misappropriated the Company's assets, judicial freezing shall be applied for without delay, and, if the payoff cannot be effected in cash, the misappropriated assets shall be paid through the realization of equity.

The Company's directors, supervisors and senior managers shall in statutory duty safeguard the security of the Company's fund. When the directors and senior managers of the Company assist and permit the controlling shareholders and their affiliated enterprises to misappropriate the Company's assets, the Company's board of directors will punish the person directly responsible as the case may be and dismiss directors bearing serious responsibility.

Section 2 General Provisions of General meeting

Article 40 The general meeting is the Company's organ of power, and exercises the following authorities in accordance with the law:

- (1) To decide operating principles and investment plans of the Company;

(2) To elect and replace directors and supervisors who are not held by worker representatives, and decide matters concerning the remuneration of directors and supervisors;

(3) To deliberate and approve the reports of the board of directors;

(4) To deliberate and approve the report from the board of supervisors;

(5) To deliberate and approve the annual financial budget plans and final accounting plans of the Company;

(6) To deliberate and approve the Company's profit distribution plans and loss coverage plans;

(7) To make resolution on increasing or reducing the Company's registered capital;

(8) To make resolution on the issuance of debentures;

(9) To make resolution on the Company's merger, division, dissolution, liquidation or change of the association form;

(10) To amend the Articles of Association;

(11) To make resolutions on the Company's employment, dismissal of the accounting firm;

(12) To deliberate and approve the guarantee particulars prescribed in Article 44 hereof;

(13) To deliberate the matters relating to the purchases and disposals of significant assets by the Company within one year more than 30% of the total assets audited recently;

(14) To deliberate and approve the change of purpose for fund raising;

(15) To deliberate equity incentive plans and employee stock ownership plans;

(16) The annual general meeting of the Company may authorize the board of directors to issue shares to specific parties with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the latest year. The authorization shall expire on the date of the next annual general meeting.

(17) To deliberate other matters that shall be decided by the general meeting according to laws, administrative regulations, departmental rules or the Articles of Association.

Article 41 The Company's asset purchases and sales, external investment, entrusted finance and other transactions (except for the financial assistance in the Company, the guarantee to be provided by the Company, and debt relief and other

transactions that do not involve the payment of consideration and do not carry any obligations) shall be submitted to the general meeting for deliberation if one of the following standards is met:

(1) The total sum of assets (if book value and appraised value exists at the same time, the higher shall prevail) involved in transaction accounts for more than 50% of the total assets of the Company audited recently;

(2) The net assets involved in the object of the transaction (e.g., equity) (if book value and appraised value exists at the same time, the higher shall prevail) account for more than 50% of the latest audited net assets of the listed company, and the absolute amount exceeds RMB50 million;

(3) The trade volume of transaction (including debts and costs undertaken) accounts for more than 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million;

(4) The profit arising from the transaction accounts for more than 50% of the audited net profit of the Company in the last accounting year and the absolute amount exceeds RMB5 million;

(5) The relevant revenues the object of the transaction (e.g., equity) generates in the last fiscal year account for more than 50% of the audited revenues of the Company in the last fiscal year and the absolute amount exceeds RMB50 million;

(6) The relevant net profits the object of the transaction (e.g., equity) generates in the last fiscal year account for more than 50% of the audited net profits of the Company in the last fiscal year and the absolute amount exceeds RMB5 million;

If the data involved in the above indicators is negative, the absolute value shall be taken for calculation. When the Company conducts transactions other than "providing guarantee", "providing financial assistance" and "entrusted financial management", if the amount involved in the transaction meets the above standards after accumulating for 12 consecutive months according to the related object under the same transaction type, it shall be submitted to the general meeting for deliberation.

When the Company conducts entrusted financial management, if it is difficult to perform the review procedures and disclosure obligations for each investment transaction due to the transaction frequency and timeliness requirements, it can reasonably predict the investment scope, amount and period, and calculate the proportion of the amount in the net assets by quota, for which the above standards and Paragraph (1) of Article 112 shall apply. The use period of the relevant quota shall not exceed 12 months, and the transaction amount at any point in the period (including the relevant amount for reinvestment of the aforementioned investment income) shall not exceed the investment quota.

Where transactions of "purchases or sales of assets" are conducted in the Company,

whether it is in relation with the object of the transaction or not, if its total assets or its total turnover accumulated within 12 consecutive months exceeds 30% of total assets of the Company audited recently, it shall be approved by more than two thirds of the voting rights held by the shareholders present at the meeting.

Where the transaction only meets the above-mentioned Paragraph (4) or Paragraph (6) standard, and the absolute value of earnings per share in the last accounting year of the Company is less than RMB0.05, it may not be submitted to the general meeting for deliberation.

Article 42 Related party transactions (excluding guarantee to be provided by the Company, receipt of cash donation and debts to simply reduce and exempt the Company's obligations) with an amount more than RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets of the Company are subject to the deliberation and approval of the general meeting for implementation.

The following related party transactions in the Company within 12 consecutive months shall follow the principle of accumulative calculation and the provisions of this Article and Paragraph (3) of Article 112 shall apply respectively:

(1) Transactions with the same affiliated party;

(2) Transactions related to the object under the same transaction category with different affiliated parties.

The above-mentioned same affiliated party includes other affiliated parties that are controlled by the same entity or have a relationship of equity control with the affiliated party.

Article 43 The following "financial assistance" transactions occurring to the Company shall be submitted to the general meeting for deliberation after being deliberated and approved by the board of directors:

(1) The amount of a single financial assistance exceeds 10% of the Company's latest audited net assets;

(2) The latest financial statement data of the funded object shows that the asset-liability ratio exceeds 70%;

(3) The cumulative amount of financial assistance in the last 12 months exceeds 10% of the Company's latest audited net assets;

If the funded object is a holding subsidiary within the scope of the Company's consolidated statements, and the other shareholders of the holding subsidiary do not include the controlling shareholders, actual controllers and their affiliated parties of the listed company, the provisions of the preceding paragraph may be exempted.

The Company shall not provide financial assistance to affiliated parties, except for

the financial assistance to affiliated non-controlling invested companies that are not controlled by the Company's controlling shareholders or actual controllers, and other shareholders of the affiliated non-controlling invested companies provide financial assistance under the same conditions in proportion to their capital contribution.

Where a company provides financial assistance to an affiliated non-controlling invested company as stipulated in the preceding paragraph, it shall be deliberated and approved by not only more than half of all the non-affiliated directors, but also by more than two-thirds of the non-affiliated directors attending the board meeting, and shall be submitted to the general meeting for deliberation.

Article 44 The Company's actions of external guarantee below are subject to the deliberation and approval of the general meeting.

(1) Any guarantee to be provided after the total external guarantee provided by the Company and its holding subsidiaries has exceeded 50% of the latest audited net assets;

(2) Any guarantee to be provided after the total external guarantee provided by the Company and its holding subsidiaries has exceeded 30% of the latest audited total assets;

(3) Any guarantee to be provided to a guaranteed party whose debts have exceeded 70% of its assets;

(4) Any single guarantee that exceeds 10% of the latest audited net assets;

(5) Any guarantee to be provided to shareholders, actual controllers and their affiliated parties;

(6) Any guarantee whose accumulated amount for 12 consecutive months exceeds 30% of the latest audited total assets of the Company.

When the general meeting of the Company deliberates the guarantee in Paragraph (6), it shall be approved by more than two thirds of the voting rights held by the shareholders attending the meeting.

Where the company provides guarantee for affiliated parties, it shall be deliberated and approved by more than half of all the non-affiliated directors, but also deliberated and approved by more than two-thirds of the non-affiliated directors present at the board meeting, and shall be submitted to the general meeting of shareholders for deliberation.

Where the Company provides guarantee for the controlling shareholders, actual controllers and their affiliated parties, the controlling shareholders, actual controllers and their affiliated parties shall provide counter-guarantee.

In case of violation of the approval authority or review procedures of the general meeting or the Board of Directors for external guarantees as stipulated in the Articles of Association, which causes losses to the Company, the Company shall pursue the corresponding economic responsibilities of the responsible person; If the circumstances

are serious and constitute a crime, the responsible person will be transferred to judicial organs in accordance with relevant laws. Article 45 The general meetings include annual general meeting and extraordinary general meeting. The annual general meeting is convened once a year within 6 months after the conclusion of the last fiscal year.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within 2 months from the date of such occurrence:

- (1) The number of directors is less than 8;
- (2) The Company's losses which are not covered have reached one third of the total amount of the paid-up share capital;
- (3) Shareholders individually or collectively holding more than 10% of the Company's shares request such a meeting;
- (4) The board of directors believes it's necessary;
- (5) The board of supervisors proposes for such a meeting;
- (6) Other situations provided by the laws, administrative rules, regulations or the Articles of Association.

Article 46 The place for the convention of the general meeting: the Company's domicile or the place specified in the notice of the meeting.

The general meeting shall have a venue and be convened in the form of on-site meeting. The Company will also provide internet for the convenience of shareholders attending the general meeting. Shareholders who attend the general meeting through any of the above-mentioned means shall be deemed as present at the meeting.

Article 47 When convening the general meeting, the Company will employ a lawyer to issue legal advice on and announce:

- (1) Whether the convening and holding procedures of the meeting are in accordance with the laws, administrative rules and the Articles of Association;
- (2) Whether the qualifications of the attendants and the conveners of the meeting are legitimate and valid;
- (3) Whether the voting procedures and results are legitimate and valid;
- (4) Legal advice issued upon other relevant questions in response to the request of the Company.

Section 3 Convention of the General meeting

Article 48 Independent directors are authorized to suggest to the board of directors to convene extraordinary general meetings. Concerning the above suggestion, the board

of directors shall, in accordance with the requirements of the laws, administrative rules and the provisions of the Articles of Association, provide a written opinion to agree or disagree to convene an extraordinary general meeting within 10 days of receipt of the suggestion.

If it agrees to the convention of an extraordinary general meeting, the board of directors will issue a notice to the effect within 5 days after the resolution of the board of directors is made; if the board of directors does not agree to such proposal, an explanation will be made and announced.

Article 49 The board of supervisors is authorized to suggest to the board of directors to convene an extraordinary general meeting, and shall be presented to the board of directors in writing. The board of directors shall, pursuant to the provisions of the laws, administrative rules and the Articles of Association, feedback in writing to agree or disagree to convene an extraordinary general meeting within 10 days of the receipt of the proposal.

If it agrees to the convention of an extraordinary general meeting, the board of directors will issue a notice to the effect within 5 days after the resolution of the board of directors is made; and any modifications in the notice to the original proposal are subject to the approval of the board of supervisors.

If the board of directors does not consent to the convening of an extraordinary general meeting or fails to give any written feedback within 10 days upon receipt of the proposal, it shall be deemed as the board of directors' inability or failure to fulfill its duty to convene the general meeting, in which case the board of supervisors may convene and chair the meeting by itself.

Article 50 Shareholders individually or together holding more than 10% of the shares of the Company have the right to request the board of directors to convene an extraordinary general meeting, and shall submit it to the board of directors in writing. The board of directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give a written feedback on whether to agree or disagree to convene the extraordinary general meeting within 10 days after receiving the written request.

If it agrees to the convention of an extraordinary general meeting, the board of directors will issue a notice to the effect within 5 days after the resolution of the board of directors is made; and any modifications in the notice to the original request are subject to the approval of the relevant shareholders.

If the board of directors does not agree to hold an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders individually or collectively holding more than 10% of the shares of the Company are authorized to propose to the board of supervisors to convene an extraordinary general meeting, and shall make a request to the board of supervisors in writing.

If it agrees to the convention of an extraordinary general meeting, the board of supervisors will issue a notice to the effect within 5 days after receiving the request; and any modifications in the notice to the original proposal are subject to the approval of the relevant shareholders.

Its failure to issue a notice of the general meeting within the stipulated time limit shall be deemed as the board of supervisors' refusal to convene and chair the general meeting, in which case shareholders individually or collectively holding more than 10% of the Company's shares for more than 90 consecutive days may convene and chair the meeting themselves.

Article 51 When the board of supervisors or shareholders decide to convene a general meeting by itself or themselves, it or they shall inform the board of directors in writing, and at the same time, to report to the stock exchange for filing.

Prior to the announcement of the resolution of the general meeting, the holding proportion of convening shareholders shall not be less than 10%.

The board of supervisors or the convening shareholders shall, in time of issuing the notice of the general meeting and the announcement of the resolution related to convening general meeting, submit the relevant certification materials to the stock exchange.

Article 52 For the general meeting is convened by the board of supervisors or by the shareholders by itself or themselves, the board of directors and the secretary of the board of directors shall cooperate. The board of directors shall provide the register of shareholders at the date of record.

Article 53 The expenses required for the general meeting convened by the board of supervisors or the shareholders shall be borne by the Company.

Section 4 Proposals and Notices of General meeting

Article 54 The contents of the proposals shall fall within the duties of the general meetings, have a clear topic and specific matters to decide, and comply with the laws, administrative rules and the relevant provisions of the Articles of Association.

Article 55 At the general meeting, the board of directors, board of supervisors and shareholders individually or collectively holding more than 3% shares of the Company have the right to raise proposals to the Company.

Shareholders individually or collectively holding more than 3% of the shares of the Company can submit an extraordinary proposal in writing to the convener, 10 days before the holding of the general meeting. The convener shall issue a supplementary notification within 2 days after receiving the proposal, and announce the contents of the extraordinary proposal.

Except as provided in the last paragraph, after the convener publicly issues the notice of the general meeting, he/she cannot change any resolution or add new resolutions in the notice of the general meetings.

Proposals not listed in the notice of the general meeting or not in compliance with Article 54 hereof shall not be voted and resolved at the general meeting.

Article 56 The convener will notify the shareholders 20 days before the convention of the annual general meeting, and in case of extraordinary general meeting, the shareholders will be notified 15 days before the convention of the meeting, by an announcement.

Article 57 The notice of the general meeting shall meet the following requirements:

- (1) The notice shall state the time, place and duration of the meeting;
- (2) The notice shall state the matters and proposals submitted to the meeting for consideration;
- (3) The notice explains in clear words: All shareholders have the right to attend the general meeting and may entrust in writing a proxy, who is not required to be a shareholder of the Company, to attend the meeting and vote.
- (4) The notice shall specify the equity registration date of shareholders entitled to attend the general meeting;
- (5) The notice shall specify the name and telephone number of the permanent contact person for conference affairs;
- (6) Voting time and voting procedure of online or other means.

Article 58 If a general meeting intends to discuss the election of directors or supervisors, the notice of the general meeting shall disclose full information of the candidates for directors and supervisors. It shall at least include the following:

- (1) Personal circumstances such as education background, work experience, other simultaneous appointments;
- (2) Whether the candidate has any relationship with the Company or any controlling shareholder and actual controller of the Company;
- (3) Revealing the number of the Company's shares held by the candidate;
- (4) Whether punished by the CSRC or any other relevant departments, or reprimanded by the stock exchange.

Except the election of directors and supervisors by means of cumulative voting, every director and supervisor candidate shall be raised in single proposal.

Article 59 After the issuance of the notice of the general meeting, if there are no proper reasons, it shall not be proposed or canceled. Proposals specified in the notice of the general meeting shall not be canceled. In the event of postponement or cancellation, the convener shall notify to the effect and explain the reasons at least 2 working days before the noticed date of convention.

Section 5 Convocation of General meeting

Article 60 The board of directors and other conveners of the Company shall take necessary measures to ensure the order of the general meeting, and shall take measures to deter any act disturbing the general meeting, picking quarrels and provoking troubles or damaging the lawful rights and interests of any shareholder, and shall timely report it to the relevant department for investigation and punishment.

Article 61 All shareholders or their proxies registered on the date of equity registration shall have the right to attend the general meeting. They can exercise the right to vote in accordance with applicable laws, regulations and the Articles of Association.

Article 62 Any shareholder entitled to attend and vote at the general meeting may attend the general meeting in person, or may entrust one or more persons as his/her proxy(ies) (who may not be shareholder(s)) to attend and vote on his/her behalf.

Individual shareholders that attend the meeting in person shall present their identity card or other valid certificate or stock account card to prove their identity; shareholders' proxies attending the meeting shall present their identity card and their power of attorney issued by the shareholders.

The corporate shareholder shall entrust its legal representative or other proxies entrusted by its legal representative to attend the meeting. The legal representatives attending the meeting shall present their identity card and valid certificate to prove their status of legal representative; and an authorized proxy to attend the meeting shall present his/her identity card and the power of attorney lawfully issued by the legal representative of the corporate shareholder.

Article 63 The power of attorney issued by shareholders to authorize a proxy to attend the general meeting shall contain the following information:

- (1) Proxy's name;
- (2) Whether he/she has the voting right;
- (3) Instruction of voting for or against, or abstaining from voting on, each of the resolutions on the agenda of the general meeting;
- (4) Date of signing of letter of authorization and valid period;

(5) Signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

Article 64 The power of attorney shall specify whether the proxy of the shareholder could vote at his/her own will should the shareholder make no specific instructions.

Article 65 If the power of attorney for proxy voting is signed by another person authorized by the principal, the power of attorney or other authorization documents signed under authorization shall be subject to notarization. The notarized power of attorney or other authorization documents and the power of attorney of voting proxy shall be placed at the Company's domicile or other places specified in the notice of convening the meeting.

Where the principal is a corporate, its legal representative, or the person authorized by its board of directors and other decision-making authority shall act as the representative to attend the general meeting of the Company.

Article 66 The register of attendants shall be prepared by the Company. The register shall record expressly such matters as the name of the attendant (or name of the corporate), ID number, residential address, shares held or representing the right to vote, name of the principal (or name of the corporate).

Article 67 The convener and the lawyer hired by the Company will jointly verify the legitimacy of the shareholders' qualification according to the register of shareholders provided by the securities registration and clearing institution, and register the names of the shareholders and the number of voting shares they hold. The meeting registration shall end before the conductor of the meeting announces the total number of shareholders and proxies present and the total number of voting shares they hold.

Article 68 When the general meeting is held, all directors, supervisors and the secretaries of the board of directors of the Company shall attend the meeting, and the general manager and other senior managers shall attend the meeting as nonvoting delegates.

Article 69 The general meeting shall be convened by the board of directors. The general meeting convened by the board of directors shall be presided over by the chairman of the board of directors. If the chairman of the board of directors is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

If the board of supervisors convenes the general meeting by itself, the chairman of the board of supervisors shall conduct the meeting. If the chairman of the board of supervisors is unable to perform his/her duties or fails to perform his/her duties, a supervisor jointly elected by more than half of supervisors shall preside over the meeting.

When shareholders convene themselves the general meeting, the conveners shall recommend a representative to preside over the meeting. If, for any reason, the conveners are unable to elect a representative to preside over the meeting, the shareholder (including proxy) holding the most voting shares among the conveners shall preside over the meeting.

When a general meeting is held, if the conductor of the meeting contravenes the rules of procedure, making the meeting impossible to proceed, but exceeding half of the shareholders with voting rights and attending the meeting agree, the general meeting can nominate one person to become the conductor of the meeting to continue with the meeting.

Article 70 The Company shall lay down the rules of procedure for the general meeting. It will specify in detail the procedure for convening and voting at the general meeting, including notices, registration, examination of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meeting and their signing, announcements as well as principles of authorizations to the board of directors by the general meeting. The contents of authorization shall be clear and concise. The rules of procedure for the general meeting shall be an attachment of the Articles of Association, and shall be drawn up by the board of directors and approved by the general meeting.

Article 71 During the annual general meeting, the board of directors and board of supervisors shall report their work for the past year. Every independent director shall also give a work report.

Article 72 The directors, supervisors, and senior managers shall give interpretation and explanation on the inquiries and advices raised by the shareholders at the general meeting.

Article 73 The conductor of the meeting shall, before voting, announce the number of shareholders and their proxies as well as their shares with voting rights. The number of shareholders and their proxies, as well as their shares with voting rights, are in accordance with those registered at the meeting.

Article 74 The general meeting shall have minutes. The secretary of the board of directors shall take charge of the minutes. The minutes shall contain the following information:

- (1) Meeting time, venue, agenda, and name of the convener;
- (2) The name of the conductor of the meeting and the names of the directors, supervisors, the general manager, and other senior managers attending or present at the meeting;

(3) The numbers of shareholders and proxies attending the meeting as well as their shares with voting rights, and the percentage of such shares to the total number of shares of the Company;

(4) Deliberation procedure, main point of the speech and statement, and voting result on each resolution;

(5) Inquiry opinions or suggestions of shareholders and corresponding replies or explanations;

(6) The name of the lawyer and the vote counter and the scrutineer;

(7) Other contents specified by the Articles of Association to be included in the minutes.

Article 75 The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, supervisors, secretaries of the board of directors, conveners or their proxies, as well as the conductors attending the meeting shall affix their signatures to the minutes of meeting. The minutes of meeting shall, together with the signature book of shareholders attending the meeting, proxy's power of attorney and the valid materials on voting by the Internet, be kept for no less than 10 years.

Article 76 The convener shall ensure that the general meeting shall be conducted continuously until final decisions are made. Should the general meeting be suspended or fail to make resolutions due to force majeure or any other unusual circumstances, necessary measures shall be taken to resume the general meeting as soon as possible, or the general meeting shall be terminated directly, and an announcement is made without delay. Meanwhile, the convener shall report to the Company's local CSRC representative office and the stock exchange.

Section 6 Voting and Decision of General meeting

Article 77 Resolutions of the general meetings include ordinary resolutions and special resolutions.

Ordinary resolutions made by the general meeting shall be approved by more than half of shareholders (including the proxies of the shareholders) who attend the general meeting with voting right.

Special resolutions made by the general meeting shall be approved by more than two thirds of shareholders (including the proxies of the shareholders) who attend the general meeting with voting right.

Article 78 The following matters are decided by ordinary resolutions at the general meeting:

(1) Work reports of the board of directors and board of supervisors;

(2) Profit distribution plans and loss coverage plans drafted by the board of directors;

(3) Appointment and removal of members of the board of directors and board of supervisors, their remunerations and the payment of such remunerations;

(4) The Company's annual budget plan and final accounts plan;

(5) Annual report of the Company;

(6) Other proceedings except those shall be approved by special resolutions in accordance with provisions of laws, administrative rules or the Articles of Association.

Article 79 The following matters are decided by special resolutions at the general meeting:

(1) Increase or decrease in the Company's registered capital;

(2) Separation, spin-off, merger, dissolution and liquidation of the Company;

(4) Revision of the Articles of Association;

(5) When the Company within one year buys, or sells significant assets or guarantees with an amount exceeding 30% of the latest audited total assets;

(6) Equity incentive plans;

(7) Other proceedings prescribed in the provisions of laws, administrative rules or the Articles of Association, and considered by the general meeting by an ordinary resolution to have significant potential influence upon the Company, and thereby requiring to be approved by a special resolution.

Article 80 When a shareholder (including the proxy(ies) of the shareholder) exercises his/her voting rights using his/her shares with voting rights, each share has one vote.

When the general meeting deliberates major matters affecting the interests of the medium and small shareholders, votes of the medium and small shareholders shall be counted separately. The results of separate vote counting shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company shall not enjoy the right to vote and shall not be calculated in the total voting shares held by the present shareholders.

Where a shareholder's purchase of voting shares of the Company violates the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law, he/she shall not exercise the voting right in respect of the shares exceeding the specified proportion

within 36 months after the purchase, and such shares shall not be included in the total number of voting shares held by the shareholders attending the general meeting.

The board of directors, the independent directors, the shareholders holding more than 1% of the voting shares, or the investor protection institution established in accordance with laws, administrative regulations or the CSRC's provisions may publicly solicit shareholders' voting rights. When soliciting voting rights, the solicitors shall fully disclose voting intentions and other information to the shareholders. Solicitors shall be prohibited from collecting the right to vote in a paid or disguised form. The Company shall not impose a minimum shareholding ratio limit for soliciting voting rights, except for statutory conditions.

Article 81 When the general meeting deliberates on issues about related party transactions, the affiliated shareholders shall not vote, and their voting shares shall not be counted in the total number of valid voting shares; and the announcement of the general meeting's resolutions shall fully reveal the voting details of non-affiliated shareholders.

Recusal of affiliated shareholders and the relevant voting procedures are as follows:

(1) Where a matter considered by the general meeting relates to a shareholder, the shareholder shall disclose its related relationship to the Company's board of directors before the general meeting;

(2) At the convention of the general meeting, the affiliated shareholder shall apply for recusal, and the other shareholders shall have the right to request the recusal of such shareholder to the convener. The convener shall examine whether the shareholder is affiliated or not in accordance with the relevant provisions and shall have the right to decide on the recusal of such shareholder;

(3) In case of any objection to the convener's decision, the affiliated shareholder shall have the right to complain to the relevant securities authorities or to bring the matter to the people's court to judge on the alleged affiliation and the voting rights, and the relevant shareholders exercising such rights above does not affect the normal convening of the general meeting;

(4) The affiliated shareholders who shall recuse may participate in the deliberation of the related party transactions related with them and may explain to the general meeting about the fairness, lawfulness and causes of the related party transactions. Such shareholders, however, do not have the right to vote on the matter;

(5) Where the affiliated shareholders shall recuse but have not recused, the affiliated shareholder shall bear the corresponding civil liability if the general meeting approves the resolution on the related party transactions, causing losses to the Company, the other shareholders of the Company or the bona fide third party.

Article 82 Except that the Company is under a special circumstance such as a crisis, the Company shall not, without an approval by a special resolution at a general meeting, enter into a contract to hand over all or part of the management of important matters of the Company to a person other than to a director, the general manager or other senior managers.

Article 83 The list of candidates for director and supervisor shall be proposed to the general meeting for voting.

The election of directors and supervisors may, in accordance with the provisions of the Articles of Association or the resolution at the general meeting, give effect by cumulative voting system.

The cumulative voting system above means each share has, in the election of directors or supervisors at the general meeting, the same number of voting rights as that of the directors or supervisors to be elected, and shareholders may use their voting rights comprehensively, i.e., free allotment of their voting rights on the candidates for directors or supervisors, either on all or some of them, or on any one of them, and the names of the candidates for directors or supervisors are then lined up in descending order of the votes under their names and the designated number of candidates with the most votes are elected. In the cumulative voting system, independent directors and the other members of the board of directors shall be elected respectively. The board of directors shall publicly announce to the shareholders the resumes and basic circumstances of the candidates for directors and supervisors.

The candidates for directors and supervisors are nominated in the following way:

(1) The candidates for directors are nominated by the board of directors or shareholders individually or collectively holding more than 3% of the shares to the board of directors in writing, and the board of directors verifies their qualifications and submits the nomination to the general meeting for election.

(2) The candidates for independent directors are nominated by the board of directors of the Company, the board of supervisors, and the shareholders who individually or collectively hold more than 1% of the issued shares of the Company to the board of directors in writing, and the board of directors verifies their qualifications and submits the nomination to the general meeting for election.

(3) The candidates for supervisors are nominated by the board of supervisors or shareholders individually or collectively holding more than 3% of the shares to the board of supervisors in writing, and the board of supervisors verifies their qualifications and submits the nomination to the general meeting for election.

(4) The candidates for employee representative supervisors in the board of supervisors are generated by democratic election among the workers of the Company.

Article 84 Except the cumulative voting system, the general meeting may take a vote on all the resolutions item by item. Where different resolutions remain for the same proceedings, they shall be voted in accordance with the time sequence of the submission. Unless it's suspended or fails to make resolutions on any proposals due to force majeure or any other unusual circumstances, the general meeting will not postpone or refuse the voting on any proposals.

Article 85 The general meeting shall, in deliberating the proposals, not revise them, otherwise, the relevant alteration shall be deemed as a new proposal which shall not be voted thereat.

Article 86 The same voting right shall be only exercised through on-the-spot or Internet. If the same voting right has repeated voting, the first voting result shall prevail.

Article 87 The general meeting shall vote by open ballot.

Article 88 Before the general meeting votes on proposals, it shall recommend two shareholders' representatives to take part in the counting and monitoring of the votes. The relevant shareholders and proxies shall not participate in the counting and monitoring of the votes in matters of interest to the shareholders.

When the general meeting votes on any proposals, the lawyer, shareholders' representative and supervisors' representative shall jointly take charge of the vote counting and monitoring and announce the voting result on the spot, and the voting result shall be recorded in the minutes.

The shareholder or his/her proxy who use the internet method to vote, is authorized to verify his/her voting results through relevant voting system.

Article 89 The end time of the on-site mode of the general meeting shall not be earlier than that of the network or other modes. The chairman of the meeting shall announce the voting status and results of each proposal, and announce the adoption of the proposal based on the result of the vote.

Before officially announcing the voting results, the Company, vote counter, vote supervisor and major shareholder, and the internet server has a duty to keep confidential the voting circumstances when they are involved with voting on the spot of general meeting, internet voting method.

Article 90 The present shareholders shall air their opinions on the proposal submitted for discussion: approval, disapproval or abstention. The circumstance, where the securities registration and clearing institution or the GDR depository institution, as the nominal holder of stocks in the trading interconnection mechanism between the mainland and Hong Kong stock markets or the underlying A shares of GDRs, declares according to the wishes of the actual holders, is excluded.

Ballot that is not filled, filled by mistake, in undistinguished handwriting or is not voted shall be regarded as that the voter gives up his/her right to vote and the voting result of amount of stocks he/she holds shall be counted "waiver".

Article 91 If the conductor of the meeting has any doubt about the result of the resolution submitted for voting, he may organize a counting of the votes cast; if the conductor of the meeting does not have the votes counted, and the shareholders or shareholders' proxies present at the meeting have objections to the results announced by the conductor of the meeting, they have the right to request the counting of votes immediately after the voting results are announced, and the conductor of the meeting shall organize the counting of votes immediately.

If votes are counted at the general meeting, the results of the counting of votes shall be recorded in the minutes of the meeting.

Article 92 The resolution of the general meeting shall be announced in a timely manner, and the announcement shall indicate the number of shareholders and proxies that attended the meeting, the total amount of their voting shares and its proportion to the total voting shares of the Company, the voting method, the voting result of each proposal and detailed contents of each proposal.

Article 93 When a proposal fails to approve, or this general meeting changes the resolutions of a previous general meeting, the general meeting shall include in its announcement of resolutions a special notice to the effect.

Article 94 The general meeting shall adopt a proposal for the election of directors and supervisors, and the new director or supervisor shall take office as the date of the end of the resolution of the general meeting.

Article 95 If a general meeting approves specific plans concerning the distribution of dividends, bonus shares or capitalization from capital public reserve, the Company shall effect the actual plans within two months after the conclusion of the general meeting.

Chapter 5 Board of Directors

Section 1 Directors

Article 96 A Director of the Company shall be a natural person and the following person shall not serve as a Director of the Company:

(1) persons without capacity or with limited capacity of civil conduct;

(2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or for disrupting the order of the socialist market economy, where less than five years have elapsed since the expiration of the sentence, or who have been deprived of the political rights due to a criminal offense, where less than five years have elapsed since the expiration of the period of deprivation;

(3) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;

(4) persons who were legal representatives of a company or enterprise which had its business license revoked or was ordered to close down due to violation of the law and who were personally liable, where less than three years has elapsed since the date of the revocation;

(5) persons who have a substantial amount of debts due and outstanding;

(6) persons who are banned by the CSRC from entering into the securities market for a period which has not yet expired;

(7) other contents required by the laws, administrative regulations, departmental rules.

Any election, designation or appointment of Directors in violation of this provision shall be invalid. The Company shall dismiss a Director if such Director is involved in the said circumstances during their respective term of office.

Article 97 The directors shall be elected or replaced by the general meeting, and also may be relieved of their duties by the general meeting prior to the expiration of their term of office. The term of office of a director is 3 years, and the directors can be reelected or reappointed after the term of office expires.

The term of office of a director begins on the date of appointment and expires with the term of office of the board of directors. In the event no reelection is conducted at the expiration of term of office, a director shall continue to perform the director's duty according to the laws, administrative rules, department regulations and the Articles of Association until the reelected director takes office.

The position of directors can be concurrently held by the general manager or any other senior managers, but the total number of directors concurrently held by the general manager, other senior managers and worker representatives shall not exceed half of the total number of directors in the Company.

Members of the board of directors may have one company worker representative, and the worker representatives in the board of directors shall directly enter the board of directors after generated through the worker's congress, the worker's general meeting or other forms of democratic elections.

Article 98 Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of loyalty to the Company:

(1) not to abuse their powers to take bribes or other unlawful income, and not to misappropriate the Company's property;

(2) not to divert the money of the Company;

(3) not to deposit any assets or money of the Company in any amounts under their names or in the names of others;

(4) not to lend the money of the Company to other persons or provide guarantee for other persons with the property of the Company in violation of Articles of Association or without the consent of the general meeting or the Board;

(5) not to enter into any contract or conduct any transaction with the Company in violation of Articles of Association or without the consent of the general meeting;

(6) without the consent of the general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct any businesses similar to those of the Company for themselves or others;

(7) not to take as their own any commission for any transaction with the Company;

(8) not to disclose any secret of the Company;

(9) not to use his or her connected relationships to harm the interests of the Company; and

(10) to fulfill other obligations of loyalty stipulated by laws, administrative regulations, departmental rules and Articles of Association.

Directors' income derived from violation of this Article shall belong to the Company; Directors shall be liable to compensate any loss incurred to the Company.

Article 99 Directors shall observe laws, administrative regulations and the Articles of Association and fulfill the following obligations of diligence:

(1) to prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws, administrative regulations and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;

(2) to treat all shareholders impartially;

(3) to keep informed of the operation and management conditions of the Company;

(4) to sign the written confirmation in respect of the regular reports of the Company to assure that the information disclosed by the Company is true, accurate and complete;

(5) to honestly provide the Supervisory Committee with relevant information and data, and not to prevent the Supervisory Committee or Supervisors from performing their duties and powers; and

(6) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Article 100 Where the directors fail to attend the meeting for two consecutive times and fails to consign other directors hereto, he/she shall be deemed incapable to perform his/her duty and the board of directors shall propose the shareholders meeting to reshuffle the director.

Article 101 Directors may resign before expiration of his term of office. Directors to apply for resignation shall submit a written report to the board of directors. The board of directors will make relevant disclosure within 2 days.

Shall a director's resignation result in the Company's board of directors falling below the minimum quorum, the director in question shall continue to perform his/her duties according to the provisions of the laws, administrative rules, department regulations and the Articles of Association until the newly elected director takes office.

Apart from the situations listed in the above paragraph, the resignation of the director goes into effect upon the receipt of the resignation report by the board of directors.

Article 102 When a director's resignation takes effect or his term of office expires, he/she shall complete all handover procedures with the board of directors. His duty of loyalty to the Company and shareholders shall not be definitely relieved within two years after the end of his term of office, and the confidential obligation is still valid at the end of the term, until the secret become public information.

Article 103 Directors shall not act on behalf of the Company or the board of directors without the authorization by the Articles of Association or the board of directors. Where the director acts in his/her own name, the director shall declare his/her standpoint and identity in advance provided that the director is deemed by the third party as acting on behalf of the Company or board of directors.

Article 104 Directors violating the laws, administrative rules, department regulations or the Articles of Association in the performance of their duties, causing losses to the Company, shall bear the liabilities of compensation.

Article 105 Independent directors shall comply with laws, administrative regulations, the relevant provisions of the CSRC and the stock exchanges.

Article 106 If the Directors, Supervisors, general manager or other senior management officers violate the obligations to the Company, the Company shall, in addition to the rights and remedies provided for under the relevant laws and administrative regulations, be entitled to take the following actions:

(1) requiring the Directors, Supervisors, general manager or other senior management officers to compensate the Company for the losses arising from their dereliction of duties;

(2) rescinding the contracts or transactions concluded between the Company and the Directors, Supervisors, general manager or other senior management officers of the Company, or between the Company and a third party (if the third party knows or should have known that the Directors, Supervisors, general manager or other senior management officers representing the Company have breached their obligations to the Company);

(3) requiring the relevant Directors, Supervisors, general manager or other senior management officers to surrender their gains arising from breach of obligations;

(4) recovering the money, including (but not limited to) commissions, received by Directors, Supervisors, general manager or other senior management officers which should be given to the Company;

(5) requiring the relevant Directors, Supervisors, general manager or other senior management officers to return any interest that is earned or may be earned on the monies that should have been paid to the Company.

Section 2 Board of Directors

Article 107 The board of directors established by the Company shall be responsible for the general meeting.

Article 108 The board of directors consists of 12 directors, including 1 chairman.

Article 109 The board of directors exercises the following authorities:

(1) Convene the general meeting and present reports thereto;

(2) Implement the resolutions of the general meeting;

(3) Determine the operational plans and investment plans of the Company;

(4) Formulate the Company's annual financial budget plan and final accounting plan;

(5) Formulate the Company's profit distribution plan and loss recovery plan;

(6) Formulate the Company's plans on the increase or decrease of registered capital, as well as on the issuance of bonds or other securities and listing;

(7) Draft the Company's plans on major acquisitions, buyback of the Company's stocks, and the merger, division, dissolution and change of association form;

(8) Decide on the Company's buyback of the Company's shares as per the circumstances in Paragraphs (3), (5) and (6) of Article 24 and the refinancing arrangement to raise fund for the buyback;

(9) Decide, within the authorization of the general meeting, on the Company's external investment, purchase and sale of assets, pledge of assets, external guarantees, entrusted wealth management, related party transactions, external donation, etc.;

(10) Decide the setup of internal management organization of the Company;

(11) Decide to hire or dismiss the Company's general manager, the secretary of the board of directors and other senior managers, and decide on their remunerations, rewards and punishments; decide to hire or dismiss the Company's deputy general manager, chief financial officer and other senior managers according to the nomination of the general manager, and decide on their remunerations, rewards and punishments;

(12) Formulate the Company's basic management systems;

(13) Formulate amendments to the Articles of Association;

(14) Handle the Company's disclosure of information;

(15) Propose to the general meeting to hire or replace the accounting firm that provides audit services to the Company;

(16) Listen to the work report of the Company's general manager and examine his/her work;

(17) In accordance with the authorization of the general meeting of shareholders of the Company, decides to issue shares to specific parties with a total financing of no more than RMB 300 million and no more than 20% of the net assets at the end of the latest year.

(18) Any other authorities authorized by the laws, administrative rules, department regulations and the Articles of Association.

When the board of directors makes the resolutions in the preceding paragraph, Items (6), (7), (8), (13), (17), external guarantee and financial assistance, such resolutions must be approved by more than two thirds of the directors present at the meeting of the board of directors, and the rest can be approved by more than half of the directors present at the meeting of the board of directors.

The board of directors of the Company sets up an audit committee, and shall set up strategy committee, nomination committee, salary and assessment committee and other relevant special committees as required. The special committee shall be responsible to the board of directors, and shall perform its duties in accordance with the Articles of Association and the authorization of the board of directors. The proposal shall be submitted to the board of directors for deliberation and decision. All members of the special committees are composed solely of directors. The audit committee, nomination committee and remuneration and assessment committee hold the majority of independent directors who serve as the convener. The convener of the audit committee is an accounting professional. The board of directors shall be responsible for formulating the working regulations of the special committees to regulate the operation of the special committees.

Article 110 The board of directors of the Company shall explain to the general meeting the financial report of the Company, whenever a registered accountant presents an opinion other than a standard audit opinion.

Article 111 The board of directors shall establish rules of procedure to ensure that the board of directors implements all resolutions adopted by the general meeting, improves working efficiency and guarantees scientific decision-making.

Article 112 The board of directors shall define authorities on external investment, purchase and sale of assets, pledge of assets, external guarantees, entrusted wealth management, related party transactions, external donation and establish strict review and decision-making procedures; major investment projects shall be subject to the review by competent experts and professionals and the approval of the general meeting.

(i) External investment, purchase and sale of assets, pledge of asset, signing of entrusted wealth management in accordance with the following standards shall be submitted to the board of directors for deliberation:

(1) The total assets (when there are both book value and assessed value, the higher shall prevail) involved in transaction accounts for more than 10% of the last audited total assets of the Company;

(2) The net assets involved in the object of the transaction (such as equity) (if there are both book value and evaluation value, whichever is higher) account for more than 10% of the latest audited net assets of the listed company, and the absolute amount exceeds RMB10 million;

(3) The total turnover of transaction (including debts and costs undertaken) accounts for more than 10% of the latest audited net assets of the Company and the absolute amount exceeds RMB10 million;

(4) The profit arising from the transaction accounts for more than 10% of the audited net profit of the Company through audit in the latest accounting year and the absolute amount exceeds RMB1 million;

(5) The business income of the object of a transaction (such as equity) in the latest accounting year accounts for more than 10% of the Company's audited business income in the latest accounting year and the absolute amount exceeds RMB10 million;

(6) The net profit of the object of the transaction (such as equity) in the latest accounting year accounts for more than 10% of the Company's audited net profit in the latest accounting year, and the absolute amount exceeds RMB1 million;

In case the values of the above indicators are negative, the absolute values shall be used in calculation; if the amount of transaction, after accumulating for 12 consecutive months by the related parties under the same type of transactions, meets the above standards, the transaction shall be submitted to the board of directors for deliberation.

(ii) In addition to being deliberated and approved by more than half of all directors, the transaction of "financial assistance" occurring to the Company shall also be deliberated and approved by more than two thirds of the directors attending the meeting of the board of directors, and shall be disclosed in a timely manner.

(iii) In addition to being deliberated and approved by more than half of all directors, the transaction of "providing guarantee" occurring to the Company shall also be deliberated and approved by more than two thirds of the directors attending the meeting of the board of directors, and shall be disclosed in a timely manner.

In addition to providing guarantee for affiliated parties, transactions between the Company and affiliated persons that meet one of the following criteria shall be submitted to the board of directors for deliberation:

(1) Transactions with affiliated natural persons with a transaction amount (including debts and expenses) of more than RMB300,000;

(2) Transactions with affiliated legal persons (or other organizations) with a transaction amount (including debts and expenses) of more than RMB3 million and accounting for more than 0.5% of the absolute value of the latest audited net assets of the listed company.

(iv) For external donation matters, the following rules shall be observed:

(1) The external donation of the Company whose single amount or accumulated amount in one fiscal year exceeds 0.5% of the Company's latest audited net assets shall be submitted to the board of directors for deliberation;

(2) The external donation of the Company whose single amount or accumulated amount in one fiscal year exceeds 5% of the Company's latest audited net assets shall be submitted to the general meeting for deliberation.

Article 113 the board of directors shall have one chairman, who shall be elected and removed by the board of directors by more than half of all directors. The term of office of the chairman is three years and can be re-elected.

Article 114 The chairman shall exercise the following authorities:

(1) Preside over the general meeting, convene and preside over the meetings of the board of directors;

(2) Supervise and inspect the execution of the resolutions of the board of directors;

(3) Other authorities conferred by the board of directors.

Article 115 If the chairman is unable to perform his duties or fails to perform his duties, more than half of the directors shall jointly elect a director to perform his duties.

Article 116 The board of directors shall meet at least twice each year. Such meetings are convened by the chairman and a written notice shall be serviced to all directors and supervisors 10 days before the meeting is convened.

Article 117 Shareholders representing more than one tenth of voting rights, more than one third of the board of the directors or of supervisors may propose convening extraordinary meetings of the board of directors. The chairman shall within 10 days upon receipt of the proposal, convene and preside the meeting of the board of directors.

Article 118 The board of directors' methods of notifying the convening of an extraordinary meeting of the board of directors are serviced by courier, mail or other communication modes; the notice period is 5 days in advance. If there is an emergency that makes it necessary to convene an extraordinary meeting of the board of directors as soon as possible, the meeting notice can be sent by telephone or other oral means at any time, but the convener shall make an explanation at the meeting.

Article 119 The notice of the meeting of the board of directors includes the following information:

(1) Date and place of the meeting;

(2) Period of the meeting;

(3) Cause and subject to be discussed;

(4) Date of the notice issuing.

Article 120 A meeting of the board of directors shall not be held unless more than half of all directors are present. Resolutions made by the board of directors must be approved by more than half of all directors.

When voting on any resolutions of the board of directors, each director shall have one vote. In case of equal voting, the board of directors may, according to the deliberation, amend the relevant matters and submit them to the next board meeting for deliberation, or propose to submit them to the general meeting of shareholders for deliberation and voting.

Article 121 If a director is affiliated to the enterprise involved in the resolution matter of the board of directors, he/she shall neither exercise the voting right on the resolution, nor exercise the voting right on behalf of other directors. Such a meeting of the board of directors can be held when more than half of non-affiliated directors are present, and resolutions to be approved on the meeting of the board of directors require the approval of more than half of non-affiliated directors. When less than 3 non-affiliated directors attend the meeting of the board of directors, the matter shall be submitted to the general meeting for deliberation.

Article 122 The voting on resolutions of the board of directors shall be done by open vote.

The board of directors shall make resolutions by communication mode, and the resolutions shall be made by signatures of the directors attending the meeting or by electronic signatures approved by the Company.

Article 123 The meeting of the board of directors requires the attendance of the directors themselves; where the directors are unable to attend, they shall entrust other directors to attend by means of power of attorney where the name of the proxy, entrusted proceedings, scope of authority and valid of time limit shall be set forth and signed or sealed by the principal. The director attending the meeting as proxy shall exert his/her rights of director within scope of authorization. If a director fails to attend the meeting of the board of directors and does not entrust a representative to be present on his/her behalf, he/she shall be considered waiving the right to vote at the meeting.

Article 124 The board of directors shall prepare the minutes for the decisions on matters discussed at a meeting, and all directors present at the meeting shall sign the minutes. The directors shall be responsible for the resolutions of the board of directors. If the resolution of the board of directors violates laws, administrative regulations or the Articles of Association, resulting in serious losses to the Company, the directors participating in the resolution shall be liable for compensation to the Company; however, if it is proved that the directors have expressed objection at the time of voting and such objection is recorded in the minutes of the meeting, such directors may be exempted from liability.

The minutes of meeting of the board of directors shall be saved as the files of the Company, and the retention period shall be not less than 10 years.

Article 125 The minutes of meeting of the board of directors shall include:

(1) Date and place of the meeting and the name of the convener;

(2) Name of present directors and name of directors (proxies) entrusted with attendance with the board of directors;

(3) Agenda of the meeting;

(4) Main points of directors' speech;

(5) Voting methods and results of each resolution (the voting results shall specify the number of votes of for, against and abstention).

Chapter 6 General Manager and Other Senior Managers

Article 126 The Company shall have 1 general manager, who is appointed or dismissed by the board of directors.

The chairman shall not hold the concurrent post of general manager of the Company.

The Company shall have several deputy general managers, who shall be engaged or dismissed by the board of directors.

The Company's general manager, deputy general manager, chief financial officer, and secretary of the board of directors are senior managers of the Company.

Article 127 The Article 96 shall also apply to senior managers, the provisions in Article 98 concerning the duty of loyalty of directors and in items (4), (5) and (6) of Article 99 concerning the obligations of diligence shall apply to the senior managers at the same time.

Article 128 Any person who holds other administrative positions in the controlling shareholder unit of the Company than directors and supervisors shall not serve as an executive of the Company.

The senior managers of the Company only receive salaries from the Company and are not paid by the controlling shareholders on behalf of the Company.

Article 129 The general manager's term of office is 3 years, and can be reappointed.

Article 130 The general manager shall be responsible to the board of directors and exercise the following functions and powers:

(1) Manage the production and operation of the Company, organize to implement the decision of board of directors, and report the work to the board of directors;

(2) Organize the execution of the Company's annual business plans and investment plans;

(3) Draft the setup of the Company's internal management organs;

- (4) Draft the Company's basic management regulations;
- (5) Formulate specific rules and regulations of the Company;
- (6) Suggest to the board of directors the engagement or dismissal of deputy general managers and chief financial officer;
- (7) Decide to engage or dismiss the principals who shall not be decided by the board of directors on engagement or dismissal;
- (8) Other authorities granted in these Articles of Association or by the board of directors.

The general manager shall be present at the meetings of the board of directors. The general manager who is not a director does not have voting rights at the meeting of the board of directors.

Article 131 Matters that are lower than the decision-making standards of the board of directors in Article 112 of the Articles of Association, such as external investment, acquisition and sale of assets, asset mortgage, entrusted wealth management, and external donations, shall be submitted to the general manager's office and other internal decision-making bodies or responsible persons for approval in accordance with the relevant internal system provisions or relevant authorization of the Company.

Article 132 The general manager shall formulate and implement detailed working rules for this position, subject to the approval by the board of directors.

Article 133 The detailed working rules for the general manager shall include the following contents:

- (1) Conditions and procedures for holding a general manager's meeting, and the attendees;
- (2) The specific duties of the general manager and other senior managers and the division of such duties;
- (3) Authority in using company funds and assets, as well as the signing of significant contracts, together with the reporting system to the board of directors and the board of supervisors;
- (4) Other matters which are deemed necessary by the board of directors.

Article 134 The general manager may apply for resignation prior to the expiration of term of office. The specific procedures and methods for the general manager's resignation are stipulated in the labor contract signed between the general manager and the Company.

Article 135 The deputy general manager shall be nominated by the general manager and appointed or dismissed by the board of directors. The deputy general manager shall assist the general manager in his/her work.

Article 136 The Company shall have a board secretary, who shall be a natural person with necessary professional knowledge and experience, and shall be entrusted by the board of directors. The board secretary is responsible for the preparation of the general meeting of shareholders and the meeting of the board of directors, the custody of documents, the management of the company's shareholders' materials, and be in charge of information disclosure. The secretary of the board of directors shall comply with the law, administrative regulations, departmental regulations and the Articles of Association.

Article 137 Any members of the senior managers violating the laws, administrative rules, department regulations and the Articles of Association in the performance of their duties, resulting in losses to the Company, shall bear the liabilities of compensation.

Article 138 Senior managers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior managers of the Company causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the laws.

Chapter 7 Board of Supervisors

Section 1 Supervisors

Article 139 Article 96 shall also apply to the supervisor. Director, the general manager or other senior managers shall not take the position of supervisor concurrently.

Article 140 A supervisor shall comply with the law, administrative regulations and the Articles of Association. He/she has duties of honesty and due diligence towards the Company. He/she shall not make use of his duties to receive bribes or other illegal income, or embezzle properties of the Company.

Article 141 Each term of office of the supervisor is 3 years. The supervisor may be re-elected upon expiration of his/her term of office.

Article 142 In the event no reelection is conducted at the expiration of term of office, or a supervisor resigns before the expiration of his/her term of office and the number of members in the board of supervisors falls below the quorum, the supervisor shall continue to perform his/her duty according to the laws, administrative rules, department regulations and the Articles of Association until the reelected supervisor takes office.

Article 143 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and shall sign a written confirmation opinion on the periodic report.

Article 144 Supervisors may attend the meeting of the board of directors and address inquiries or suggestions to the board of directors on its resolutions.

Article 145 A supervisor shall not damage the Company's interests by utilizing his/her association. Otherwise, the liability of compensation is imposed in case of any loss caused to the Company.

Article 146 Supervisors violating the laws, administrative rules, department regulations or the Articles of Association in the performance of their duties, resulting in losses to the Company, shall bear the liabilities of compensation.

Section 2 Board of Supervisors

Article 147 The Company shall have a board of supervisors. The board of supervisors is composed of 3 supervisors, and shall have 1 chairman. The chairman of the board of supervisors shall be elected by the majority of all supervisors. The chairman of the board of supervisors convenes and presides over the board of supervisors' meeting; in the event the chairman is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall perform the chairman's duties.

The board of supervisors shall include shareholders' representatives and an appropriate proportion of worker representatives of the Company, of which the proportion of worker representatives shall not be less than 1/3. The worker representatives in the board of supervisors shall be democratically elected and replaced by the workers of the Company through the worker representatives' congress, the worker's general meeting or in other forms.

Article 148 The board of supervisors exercises the following authorities:

(1) Review and comments in writing on the Company's regular reports prepared by the board of directors;

(2) Check the Company's finance;

(3) Supervise the acts of directors when performing their duties, and put forward suggestions on the removal of directors and executive who violate laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;

(4) Request the directors and the senior managers to make corrections if their acts harm the interests of the Company;

(5) Propose the convention of extraordinary general meetings, and convene and preside over the general meeting when the board of directors fails to fulfill the duty of convening and presiding over the general meeting as stipulated in the Company Law;

(6) Raise proposals to the general meeting;

(7) In accordance with Article 151 of the Company Law, take legal action against directors and senior managers;

(8) Conduct investigation upon the abnormal situations in the Company; if necessary, employ such professional organs as certified public accountant and law firm to assist them in work; the expense shall be born by the Company.

Article 149 The board of supervisors shall hold one meeting at least once every 6 months. The supervisor may propose to convene an extraordinary meeting of the board of supervisors.

Any resolutions of the board of supervisors shall be approved by more than half of the supervisors.

Article 150 The board of supervisors shall establish rules of procedure to define the ways of discussion and voting procedure, and ensure effective work and scientific decision-making.

Article 151 The board of supervisors shall prepare the minutes of meeting on decisions of matters discussed. Supervisors attending the meeting shall sign on the minutes of meeting.

The supervisors shall have the right to request to record explanatory notes to their statements in the meeting in the minutes. The minutes of the board of supervisors' meeting as files of the Company shall be kept for no less than 10 years.

Article 152 Notice on the meeting of the board of supervisors shall include the following contents:

(1) Date, place and duration of the meeting;

(2) Main content and subject under discussion;

(3) Date when the notice is given.

Chapter 8 Financial and Accounting System, Distribution of Profit and Auditing

Section 1 Financial and Accounting System and Profit Distribution

Article 153 The Company shall formulate the financial and accounting system in accordance with laws, administrative regulations and rules of relevant state departments.

Article 154 The Company shall submit and disclose its annual report to the CSRC and the Stock Exchange within 4 months from the end of each fiscal year, and submit and disclose its interim report to the branch of the CSRC and the Stock Exchange within 2 months from the end of the first half of each fiscal year.

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

Article 155 The Company shall not open a separate set of accounting books except for the statutory accounting books. The Company's assets shall not be deposited in any account which is opened in the name of any individual.

Article 156 When the Company distributes after-tax profit of the current year, 10% of the profit shall be withdrawn and counted into the Company's statutory common reserve. If the accumulated amount of the Company's statutory common reserve is greater than 50% of the Company's registered capital, no further withdrawal is required.

Where the Company's statutory common reserve is insufficient to cover the losses of previous years, the Company shall use the profits of the current year to cover the losses first before the withdrawal of the statutory common reserve in accordance with the preceding clause.

After the Company has withdrawn the statutory common reserve from after-tax profits, the Company may withdraw the optional common reserve from the after-tax profit according to a resolution of the general meeting.

The Company's remaining after-tax profits after the losses are made up for and the statutory common reserve is withdrawn, shall be distributed according to the proportion of shares held by shareholders, unless such profits are not distributed according to the shareholding proportion pursuant to the provisions of the Articles of Association.

In the event the general meeting violates the preceding paragraph and distributes profits to shareholders before the Company covers losses and sets aside statutory common reserves, shareholders must return to the Company such profits as distributed in breach of the provisions.

The Company's shares held by the Company itself will not participate in profit distribution.

Article 157 The Company's common reserve shall be used to make up the Company's losses, expand the production and operation of the Company or be converted into the capital of the Company. The capital reserves, however, shall not be used to cover the Company's losses. The capital reserve includes the following amounts:

- (1) Premium received from the issuance of stocks in excess of the par value;

(2) Other income included in the capital reserve fund as stipulated by the competent financial authority of the State Council.

When the statutory surplus reserve is changed to capital, the remainder of the surplus reserve shall not be less than 25% of the registered capital prior to the conversion.

Article 158 The Company's profits after paying income taxes shall be distributed according to the following priority:

- (1) Cover the Company's losses in the previous years;
- (2) Withdraw 10% as the statutory common reserve;
- (3) Withdraw the optional common reserve;
- (4) Pay dividends to shareholders.

The withdrawal of optional common reserve is determined by the general meeting after the statutory common reserve is withdrawn. The Company shall not make up the losses of the Company before withdrawing the statutory reserve fund and distributing profits to shareholders.

Article 159 After the shareholders' meeting of the company has approved the profit distribution plan, the board of directors of the company shall complete the distribution of dividends (or shares) within two months after the shareholders' meeting is held.

Article 160 The Company's profit distribution policy shall be as follows:

(1) The Company will adopt consecutive, stable and positive profit distribution policies, and also attaches importance to rational investment return for the shareholders and sustainable development of the Company.

(2) Where the Company has realized profits in the current year, dividends may be distributed in the form of cash, stocks or combination of cash and stocks. In the absence of a major investment plan or major cash expenditure and with conditions of cash dividends distribution, the Company shall give priority to the method of profit distribution of cash dividends. Under the conditions that the Company have the authentic and reasonable factors such as the growth of the Company and the dilution of the net assets per share, the Company may adopt granting of stock dividend to distribute the profit.

Major investment plan or major cash expenditures refer to:

① The Company proposes to invest abroad, acquire assets or purchase equipment in the next twelve months, of which the accumulative expenditures are expected to reach or exceed 50% of the latest audited net assets, and exceed RMB50 million.

② The Company's planned external investment, acquisition of assets or purchase of equipment in the next twelve months, with cumulative expenses amounting to 30% or more of the latest audited total assets of the Company.

(3) Under the circumstances of meeting the conditions for cash dividend distribution, the Company shall distribute cash dividends in every accounting year in principle, and the board of directors may propose interim profit distribution plan depending on the profits and capital demands of the Company. The accumulated profits distributed by the Company in cash in three consecutive years, shall not be less than 30% of the annual average distributable profits realized in these three years.

(4) If it distributes profits in cash, the Company shall take into account the characteristics of the industry, the stage of development, its own business mode, the profit level and whether there is any arrangement of major expenditures, and shall adopt different cash dividend policies at different stages of development:

① In case that the development of the Company is mature and there is no major capital expenditure arrangement, the cash dividend shall at least take up 80% in profit distribution;

② In case that the development of the Company is mature and there is major capital expenditure arrangement, the cash dividend shall at least take up 40% in profit distribution;

③ In case that development of the Company is in growth stage and there is major capital expenditure arrangement, the cash dividend shall at least take up 20% in profit distribution;

④ In case that the development stage of the Company is not easy to distinguish, but there is major capital expenditure arrangement, it may be dealt with in accordance with the provisions of the preceding clauses.

Major capital expenditure arrangement means that the cumulative expenses of the Company's proposed external investment, acquisition of assets (including the land use right) or the purchase of equipment within the next twelve months of the Company amount to or exceed 10% of the latest audited net assets of the Company.

(5) If a shareholder utilizes any fund of the Company in violation of provisions, the Company shall have the right to make a deduction from the cash dividends being distributed to this shareholder so as to repay the fund being utilized.

(6) Where the Company needs to adjust the profit distribution policy according to the needs of production and operation, investment planning and long-term development, the adjusted profit distribution policy shall not violate the relevant provisions of the CSRC and the Stock Exchange.

Article 161 The basis and reasons for formulation of shareholder return plan shall

be as follows:

The Company's shareholder return plan shall take full account of and hear the opinions of shareholders (especially public investors) and independent directors and supervisors, and insist on the basic principle of cash dividend.

The Company focuses on the long-term and sustainable development, takes into account the actual situation and development objectives of the Company, establishes sustainable, stable and scientific return plans and mechanisms for investors, thus making systematic arrangements for profit distribution so as to ensure the continuity and stability of profit distribution policies.

The Company's shareholder return plan shall be in accordance with the relevant regulations of the CSRC and the Stock Exchange, and the Company shall, in accordance with current operating data, take full account of the Company's profitability, cash flows, the development stage and current financial needs, and in the light of the opinions of the shareholders (especially the public investors) and the independent directors, formulate the annual or interim dividend plans, which shall be implemented after the vote of the general meeting.

Article 162 The Company when distributing cash dividends must satisfy the following conditions:

(1) The distributable profit (i.e., the after-tax profit remained after covering the Company's losses and setting aside common reserves) that the Company realizes in this fiscal year is positive;

(2) The auditor has issued a standard and unqualified auditor's report on the Company's annual financial report;

(3) The Company has no major investment plan or major cash expenditure (except the fund raising project), or other issues.

Article 163 The decision-making procedures and mechanisms of the board of directors and general meeting for profit distribution:

(1) The Company shall maintain the continuity and stability of the dividend distribution policy. The Company will adjust the profit distribution policy according to its actual situation in combination with the opinions of shareholders (especially public investors), independent directors and supervisors.

(2) The board of directors shall, when revising the profit distribution policy, adopt a starting point for protecting the interests of shareholders and shall demonstrate and explain the reasons for the modification in details in the relevant proposals submitted to the general meeting, and the new profit distribution policy shall conform to the relevant provisions of laws, administrative regulations, departmental rules and normative documents. The Company shall ensure that the current and future profit

distribution policies shall not violate the following principles: under the conditions that the Company is in normal operation and is making profit, if no major investment plan or major cash expenditure occurs, the Company shall distribute dividends in cash; within three successive years, the accumulated profits distributed in cash shall not be less than 30% of the annual average distributable profits realized in such three years; the adjusted profit distribution policy shall not violate the relevant regulations of the CSRC and the Stock Exchange. In the event of the following circumstances, the Company may adjust the profit distribution policies that have been determined:

① Where the Company has suffered losses or has issued an indicative announcement on pre-loss;

② In case of force majeure, such as war or natural disaster, or other circumstances which have a significant impact on the production and operation of the Company;

③ If, within two months after the convening date of the general meeting on profit distribution, the balance of cash (including bank deposits and high-liquid bonds, etc.) other than the funds for specified purpose only or the management funds in the special account, such as raised funds and special financial funds of the government, etc., is insufficient to pay cash dividends;

④ Major investment projects or major transactions approved by the general meeting or the board of directors will be unable to execute according to the established transaction plan if the established dividend policy is carried out;

⑤ The board of directors has reasonable grounds to believe that the implementation of the established dividend policy will have a substantial adverse effect on the continuous operation or profitability of the Company.

When adjusting the profit distribution policy, the Company shall actively communicate with the minority shareholders through various channels (including but not limited to inviting minority shareholders to attend the meeting and issuing announcements for soliciting opinions), and make written records of the shareholders' opinions;

Proposals to adjust the profit distribution policies shall not be submitted to the board of directors for deliberation without the approval of independent directors, who shall address their independent opinions on adjusting the profit distribution policies.

(3) In the Company's profit-making year, on the basis of maintaining the continuous and stable distribution of the Company's profits, the board of directors of the Company shall, according to the profit distribution policy, formulate specific annual or interim distribution plans in accordance with the actual profit and cash flow, and submit them to the general meeting for deliberation, and disclose them in the regular report.

In the event that the Company has made profits in the current year, but the board

of directors has not made a cash dividend proposal, it shall state the reasons for the non-dividend, the purpose and the use plan of the undistributed dividends but kept in the Company in details in the annual report; and the independent director shall make an independent opinion thereon and disclose it in time. Meanwhile, the Company shall, in addition to the live meeting, provide the shareholders with a voting platform in the form of a network voting when the Company convenes the general meeting.

(4) The board of directors' formulation and revision of the profit distribution policy and the detailed profit distribution plan shall be approved by more than half of the members of the board of directors and by more than two thirds of independent directors.

(5) The Company's board of supervisors shall deliberate on the profit distribution policies and the detailed profit distribution plans formulated or revised by the board of directors, which shall be approved by more than half of the supervisors.

(6) The formulation and revision of the Company's profit distribution policy shall be submitted to the general meeting for deliberation and approved by more than two thirds of the voting rights of the shareholders present at the meeting.

The formulation and revision of the specific distribution plan shall be submitted to the general meeting for deliberation and approved by more than half of the voting rights of the shareholders present at the meeting.

(7) After the general meeting makes resolutions on the profit distribution plan, the board of directors shall distribute dividends (or shares) in 2 months after the convention of the general meeting.

Section 2 Internal Auditing

Article 164 The Company implements an internal audit system, and employs full-time auditors to conduct internal audit and supervision for the Company's financial revenue and expenditure as well as economic activities.

Article 165 The Company's internal audit system and the auditor's responsibilities are subject to the approval by the board of directors for implementation. The person in charge of audit shall be responsible to and report to the board of directors.

Section 3 Engagement of the Accounting Firm

Article 166 The Company engages an accounting firm that complies with the provisions of the Securities Law to carry out accounting statement audit, net asset verification and other relevant consulting services. The term of employment is 1 year, starting from the end of the Company's current annual general meeting and ending at the end of the next annual general meeting. The engagement can be renewed.

Article 167 The appointment of an accounting firm by the Company must be decided by the general meeting, and the board of directors shall not appoint an accounting firm before the decision of the general meeting.

Article 168 The Company shall guarantee that it will provide the engaged accounting firm with authentic and complete accounting vouchers, accounting books, financial and accounting report and others accounting materials, and shall not refuse to do so or conceal any of them or make any false statement.

Article 163 The audit fee paid to the accounting firm shall be determined by the general meeting.

Article 170 The Company, when terminating or not renewing the engagement of an accounting firm, will notify the accounting firm 30 days in advance. When the general meeting of the Company votes on the dismissal of an accounting firm, the accounting firm shall be allowed to defend itself.

If an accounting firm proposes to discharge its engagement, it shall clarify whether the Company has any improper condition to the general meeting.

Chapter 9 Notices and Announcements

Section 1 Notice

Article 171 The Company services its notices by:

- (1) Courier;
- (2) Mail;
- (3) Communication mode;
- (4) Announcement;
- (5) Any other forms as stipulated in the Articles of Association.

Article 172 The Company's notice issued by announcement is deemed as serviced to all relevant parties upon the announcement is made.

Article 173 The notice for convening a general meeting shall be issued by announcement.

Article 174 The Company's notice on the convention of the meeting of the board of directors is serviced by courier, mail, means of communication or other means.

Article 175 The Company's notice on the convention of the meeting of the board of supervisors is serviced by courier, mail, communication modes or other means.

Article 176 When the Company services its notice by courier, the addressee shall sign or stamp the receipt of service and the date of the addressee's signature shall be the date of service; when the Company's notice is delivered by mail, the 5th working day after the notice is delivered to the post office shall be the date of service; When the Company's notice is sent by means of communication, the date on which the notice is sent shall be the date of service; when the Company's notice is issued by announcement, the date of the first publication shall be the date of service.

Article 177 In the event a meeting notice, due to unexpected omission, is not delivered to or not received by an eligible addressee, the meeting and the resolutions made at the meeting shall remain valid.

Section 2 Announcements

Article 178 The Company appoints the China Securities Journal, Securities Times, Shanghai Securities News and the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as the medias for publication of the Company's announcements and other information needed to disclose.

Chapter 10 Merger, Division, Increase and Reduction of Capital, Dissolution and Liquidation

Section 1 Merger, Division, Increase and Reduction of Capital

Article 179 The merger of a company may be implemented by the way of merger by absorption or merger by new establishment.

In a merger by absorption, a company absorbs other companies, and the absorbed companies are dissolved. When two or more companies merge and establish a new company, this is called merger by new establishment. The companies subject to being merged will be dissolved respectively.

Article 180 When the Company merges, all merging parties shall sign a merger agreement, and prepare balance sheets and asset checklists. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the designated media within 30 days. A creditor has the right to require the Company to repay its debts or provide a corresponding guarantee for such debts within 30 days as of the date of receiving such notice, or within 45 days as of the announcement (for the creditors who do not receive the notice).

Article 181 When the Company merges, all merging parties' creditor's rights and debts will be inherited by the survival company or the newly established company.

Article 182 Where a company is divided, its properties shall be divided accordingly.

In case of division of the Company, a balance sheet and an inventory of property shall be prepared. The Company shall notify its creditors in 10 days after the resolution on division is passed and shall publish an announcement in 30 days on designated media.

Article 183 The Company's debts before the division shall be jointly and separately assumed by the companies after division. However, if the Company and its creditors have entered into a written agreement concerning the repayment of debts before the separation, then the former provision does not apply.

Article 184 When the Company needs to reduce its registered capital, a balance sheet and a list of properties must be prepared.

The Company shall notify its creditors within 10 days from the date of the Company's resolution on decrease of registered capital, and shall publish an announcement on the designated media within 30 days. Creditors receiving the notice or those failing to receive the notice, may, in 30 days after the notice is serviced or in 45 days after the announcement is published, request the Company to repay its debts or provide a corresponding guarantee.

The Company's registered capital after reduction shall not be less than the minimum amount as required by the law.

Article 185 In the case of merger or separation of a company, where any registered item changed, the change shall be handled at the registration authority of the Company in accordance with the law; where the Company is dissolved, company cancellation registration shall be handled in accordance with the law; where a new company is established, the establishment registration shall be handled in accordance with the law.

When the Company increases or decreases its registered capital, it shall go through the change registration with the registration authority of the Company according to law.

Section 2 Dissolution and Liquidation

Article 186 The Company may be dissolved if:

(1) The term of operation expires or any other circumstances for dissolution as stipulated in the Articles of Association occur;

(2) The general meeting approves a resolution on dissolution;

(3) The dissolution is necessary because of the merger or separation of the Company;

(4) The Company has its business license revoked, is ordered to close down, or is revoked;

(5) The Company has had serious difficulty in operation and management and its continuous existence will cause shareholders to suffer from significant losses and such

difficulty cannot be solved through other channels, shareholders holding no less than 10% of voting rights of all the Company's shareholders may request the people's court to dissolve the Company.

Article 187 The Company may continue to exist by amending the Articles of Association in case of Article 186, Item (1).

Any amendment to the Articles of Association made pursuant to the preceding paragraphs must be approved on the general meeting by more than two-thirds of the voting rights present at the meeting.

Article 188 Shall the Company be dissolved as per the provisions in Article 186, Items (1), (2), (4), (5) of the Articles of Association, a liquidation group shall be set up in 15 days from the occurrence of the circumstance for dissolution to commence the liquidation. The liquidation group shall consist of directors or personnel determined by the general meeting. If a liquidation group is not established within the stipulated term to conduct liquidation, the creditors may apply to the people's court for designating relevant personnel as members of the liquidation group to conduct liquidation.

Article 189 The liquidation group shall exercise the following authorities in the course of liquidation:

(1) Liquidating the properties of the Company, preparing balance sheets and list of properties respectively;

(2) Notifying creditors by notice and announcement;

(3) Handling the Company's ongoing businesses related to liquidation;

(4) Paying off all the unpaid taxes and fees as well as the taxes and fees incurred in the liquidation process;

(5) Settling creditor's rights and debts;

(6) Handling remaining properties of the Company after paying off all debts;

(7) Representing the Company to participate the civil litigation activities.

Article 190 The liquidation group shall, within 10 days as of the establishment, notify the creditors and make public announcement in the designated media within 60 days. The creditors shall declare their creditor's rights to the liquidation group within 30 days as of the date of receiving such notice, or within 45 days as of the announcement (for the creditors who do not receive the notice).

For declaring their creditor's rights, the creditors shall explain matters related to creditor's rights and provide proving materials. The liquidation group shall register the creditor's rights.

During the period for declaration of creditor's right, the liquidation group shall not make settlement to the creditor.

Article 191 The liquidation group, after liquidating the Company's assets and preparing balance sheets and asset checklists, shall work out a liquidation plan and submit the same to the general meeting or the people's court for approval.

The remaining property of the Company after paying the liquidation expenses, wages of workers, social insurance expenses and legal compensation, paying the taxes owed and paying off the debts of the Company shall be distributed by the Company according to the type and proportion of shares held by shareholders.

During the liquidation period, the Company exists, but shall not engage in any business activity unrelated to the liquidation. The property of the Company will not be distributed to shareholders until the settlement is completed as stipulated in the provisions of the preceding paragraph.

Article 192 In case of liquidation due to the dissolution of the Company, if the liquidation group, after liquidating the Company's property and preparing the balance sheets and inventory of property, finds that the property of the Company is insufficient to pay off its debts, it shall apply to the people's court for bankruptcy according to law.

Once the Company is ruled and declared bankrupt by the people's court, the liquidation group shall handover the liquidation to the people's court.

Article 193 After the liquidation of the Company, the liquidation group shall prepare a liquidation report, submitted the report to the general meeting or people's court for confirmation, report to the registration authority of the Company apply for deregistration of the company and announce the termination of the Company.

Article 194 Members of the liquidation group shall be faithful to their duties and perform their liquidation obligations in accordance with the law.

Members of the liquidation group shall not use their authorities to accept bribes or any other illegal incomes, and shall not misappropriate the assets of the Company.

In case that a member of the liquidation group causes loss to the Company or its creditors due to his intentional misconduct or gross negligence, he shall be liable for compensation.

Article 195 Where the Company is declared to be bankrupt according to law, it shall carry out a bankruptcy liquidation in accordance with the laws concerning bankruptcy of enterprises.

Chapter 11 Amendment to Articles of Association

Article 196 The Company may amend the Articles of Association in accordance with the provisions of laws, administrative regulations and the Articles of Association.

Article 197 The Company shall amend this Articles of Association if:

(1) The provisions of the Articles of Association come into conflict with any amendments to the Company Law or other relevant laws, administrative rules;

(2) The circumstances of the Company have changed so that they are different from the contents of the Articles of Association;

(3) The general meeting decides to amend the Articles of Association.

Article 198 If the amendments to the Articles of Association adopted by the general meeting shall be subject to approval by the competent authority, it shall be reported to the competent authority for approval; If the Company's registered items are involved in, the registration changes shall be handled according to law.

Article 199 The board of directors shall amend these Articles of Association according to the resolution of the general meeting on amendment and the examination and approval opinions of the relevant competent authorities.

Article 200 Any amendments to the Articles of Association are information that required to disclose according to the laws and regulations shall be announced according to the regulations.

Chapter 12 Dispute Resolution

Article 201 For disputes or claims related to other affairs of the Company based on the rights and obligations stipulated in the Company's Articles of Association and relevant laws and administrative regulations between shareholders and the Company, between shareholders and directors, supervisors, general manager or other executives of the Company, or between shareholders, if the securities regulatory authority of the State Council has not reached an understanding or agreement with the relevant overseas securities regulatory authorities on the method of dispute resolution, the parties concerned may settle the dispute in the manner prescribed by laws and administrative regulations, or in the manner determined by both parties through agreement. The law of the People's Republic of China shall apply to the resolution of disputes mentioned in the preceding paragraph.

Chapter 13 Supplementary Provisions

Article 202 Interpretation

(1) A controlling shareholder means a person whose ordinary shares (preferred shares with restored voting rights) account for more than 50% of the total share capital of the Company; Although he holds less than 50% of the shares, the voting rights he enjoys attached to the shares he held are sufficient to have a significant influence on the resolutions of the general meeting.

(2) The actual controller means the person who is not the shareholder of the Company, but is able to actually dominate the acts of the Company by means of its investment relations, agreement or other arrangements.

(3) Associated relationship means the relations between the controlling shareholder, actual controller, directors, supervisors, senior managers and the enterprises directly or indirectly controlled by them, as well as other relations that may cause to transfer the Company's interests. The enterprises controlled by the State, however, do not have any affiliation between them only because they are controlled by the State.

Article 203 The board of directors may formulate detailed rules and regulations according to the provisions of the Articles of Association. The detailed rules and regulations for the Articles of Association shall not conflict with the provisions herein.

Article 204 The Articles of Association are made in Chinese. If it conflicts with the Articles of Association in any other language or in other version, the Articles of Association in Chinese version recently examined and registered by Market supervision and administration of Shunde District, Foshan City shall prevail.

Article 205 In the Articles of Association, the terms of "above", "within" and "below" shall be inclusive, and the terms of "under", "beyond", "less than", and "more than" shall be exclusive.

Article 206 The Articles of Association shall be interpreted by the board of directors of the Company. In the event that these Articles of Association are inconsistent with laws and regulations, the provisions of the securities regulatory authority or stock exchange of the place where the stocks or GDRs of the Company are listed, the laws and regulations, the provisions of the securities regulatory agency or stock exchange of the place where the stocks or GDRs of the Company are listed shall apply.

Article 207 Attachments to the Articles of Association include the rules of procedure for the general meeting, the rules of procedure for the board of directors and the rules of procedure for the board of supervisors.

Article 208 The Articles of Association shall come into effect after it is approved at the general meeting. The original Articles of Association of the Company shall automatically become invalid from the effective date of these Articles of Association.

Keda Industrial Group Co., Ltd.

April 14, 2023