

Articles of Association of ADAMA Ltd.



October 2025

(Amended)

Catalog

Chapter 1 General Provisions	1
Chapter 2 The Business Purpose and Scope of the Company	3
Chapter 3 Shares	4
Section 1 Share Offering	4
Section 2 Share Increase, Decrease and Repurchase	5
Section 3 Share Transfer	6
Chapter 4 Shareholders and Shareholders' meetings	7
Section 1 General Rules on Shareholders	7
Section 2 Controlling Shareholders and Actual Controllers	12
Section 3 General Provisions of Shareholders' Meetings	15
Section 4 Convening of Shareholders' meetings	18
Section 5 Proposal and Notice of Shareholders' meetings	20
Section 6 Holding of Shareholders' Meetings	22
Section 7 Vote and Resolution of Shareholders' meetings	26
Chapter 5 Directors and Board of Directors	32
Section 1 General Rules on Directors	32
Section 2 Board of Directors	37
Section 3 Independent Directors	45
Section 4 Specialized Committees under Board of Directors	49
Chapter 6 Party Committee	51
Chapter 7 Senior Executives	52
Chapter 8 Financial and Accounting Systems, Profit Distribution and Auditing	55
Section 1 Financial and Accounting Systems	55
Section 2 Internal Audit	59
Section 3 Appointment of Accounting Firms	60
Chapter 9 Notices and Announcements	61
Section 1 Notice	61
Section 2 Announcement	62
Chapter 10 Merger/Consolidation, Spin-off, Capital Increase, Capital Reduction, Dissolution and Liquidation	62
Section 1 Merger/Consolidation, Spin-off, Capital Increase and Capital Reduction	62
Section 2 Dissolution and Liquidation	64
Chapter 11 Amendments to the Articles of Association	67
Chapter 12 Supplementary Provisions	68

Chapter 1 General Provisions

Article 1 These Articles of Association of **ADAMA Ltd.**(hereinafter referred to as “Company”) are formulated pursuant to the Company Law of the People's Republic of China (hereinafter referred to as “Company Law”), the Securities Law of the People's Republic of China (hereinafter referred to as “Securities Law”) and other related provisions, with a view to safeguarding the legitimate rights and interests of the Company, its shareholders, employees and creditors, and regulating the organizational structures and acts of the Company.

In accordance with the Charter of the Communist Party of China (“CPC”) and the Regulation on the work at primary-level Party organizations of State-owned enterprises (for Trial Implementation), the Company shall establish the organization of the CPC, the Party Committee shall act as a leading role, lead the direction, take charge of overall situations and ensure the implementation of the decisions, and discuss and decide major issues of the enterprise in accordance with regulations. The Company shall establish the working organization of the Party, have Party personnel in accordance with the law and guarantee there are adequate funds for the work of Party organization.

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

As approved in “E Gai [1992]02” Document issued by the Commission for Economic Restructuring of Hubei Province, the company is established as per raising capital by private placement, registered with the Jingzhou Municipal Administration for Market Regulation, and obtained its business license. The social credit code of the Company is 91420000706962287Q.

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

Article 4 Registered name of the Company
Full name in Chinese: 安道麦股份有限公司

Full name in English: **ADAMA Ltd.**

Article 5 Domicile of the Company: No. 93, Beijing East Road, Jingzhou, Hubei Province, Postal code: 434001. Manufacture address of the Company are: No. 93, Beijing East Road, Jingzhou, Hubei Province and No. 16, Hongtang Road, Jingzhou Development Zone, Jingzhou, Hubei Province.

Article 6 Registered capital of the Company shall be Renminbi 2,329,811,766.

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

Article 8 The manager who represents the company to execute corporate affairs shall serve as the legal representative of the Company, holding the position of President and CEO.

Where the President and CEO who serves as the legal representative resigns, he/she shall be deemed to have resigned from the position of the legal representative at the same time.

Where the legal representative resigns, the Company shall appoint a new legal representative within 30 days after the date of his/her resignation.

Article 9 The Company shall bear the legal consequences arising from the civil activities conducted by the legal representative in the name of the Company.

Any restrictions on the functions and powers of the legal representative imposed by the Articles of Association or the shareholders' meeting shall not be asserted against a bona fide third party.

Where the legal representative of the Company causes damage to others while performing his/her duties, the Company shall assume the civil liability. After assuming the civil liability, the Company may, in accordance with the provisions of law or the Articles of Association, claim indemnification against the legal representative who is at fault.

Article 10 Shareholders shall bear responsibilities to the Company to the extent of their shares and the Company shall be liable for the Company's debts with all of its assets.

Article 11 These Articles of Association shall, as of the date when they come into force, become a document legally binding upon the organizational structure and acts of the Company, upon the relationship of rights and obligations between the Company and its shareholders and between or among shareholders themselves, and

upon the Company, its shareholders, directors and senior executives. The shareholders may, in accordance with these Articles of Association, bring lawsuits against other shareholders, or the Company's directors and senior executives, or the Company. The Company may also bring lawsuits against its shareholders, directors, and senior executives.

Article 12 “Senior executives” where used in these Articles of Association shall refer to the President and CEO, Chief Financial Officer and the secretary of the board of directors following their appointment as senior executives by the board of directors.

Chapter 2 The Business Purpose and Scope of the Company

Article 13 The business purpose of the Company is to take the comprehensive advantages, promote technological progress, strengthen the development of agricultural chemicals and related industries, improve the domestic and foreign market share, strengthen enterprise management, improve economic efficiency, and ensure asset value increase.

Article 14 Subject to registration according to the law, the Company's business scope is: Licensed items: pesticide production, pesticide wholesale, pesticide retail, production of specific organic chemicals containing phosphorus, sulfur and fluorine in the second, third and fourth categories of monitored chemicals, operation of the second category of monitored chemicals, production of hazardous chemicals, operation of hazardous chemicals, import and export of toxic chemicals, power generation business, power transmission business, power supply (distribution) business, non-coal mineral resources mining. (Items subject to approval in accordance with the law can only be carried out after approval by the relevant departments, and the specific business items are subject to the approval documents or licenses of the relevant departments.)

General items: production of Class II non-pharmaceutical chemicals easy to manufacture poisons, operation of Class II non-pharmaceutical chemicals easy to manufacture poisons, production and operation of Class III non-pharmaceutical chemicals easy to manufacture poisons, production of chemical products (excluding licensed chemical products), sale of chemical products (excluding licensed chemical products), manufacture of special chemical products (excluding hazardous chemicals), sale of special chemical product sales (excluding hazardous chemicals), oil refining, manufacturing of special equipment for chemical production, sales of special equipment for oil refining and chemical production, heat production and supply, import and export of goods, import and export of technology, technical services, technology development, technology consulting, technology exchanges, technology

transfer, technology promotion, new materials technology research and development, bio-pesticide technology research and development, bio-chemical products technology research and development, agricultural scientific research and experimental development, metal structure manufacturing and sales, loading, unloading and freight, general cargo warehousing services (excluding hazardous chemicals and other projects requiring licensing approval). (In addition to the licensed business, it can independently operate business involving non-prohibited or restricted projects in accordance with the laws and regulations.)

Chapter 3 Shares

Section 1 Share Offering

Article 15 The shares of the Company shall take the form of stocks.

Article 16 The shares of the Company are offered in an open, impartial and fair manner. Shares of the same kind shall enjoy the same and equal rights.

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

Article 17 The face value of each shares offered by the Company shall be Renminbi 1.

Article 18 Shares issued by the Company shall be uniformly deposited at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Article 19 In August, 1992, the Bureau for State Property Administration of Shashi, Hubei Province converted net operating assets in total amount of Renminbi 60,764,900 into capital contribution as 59,663,400 State shares, and raised capital by private placement from the employees, who subscribed 15,270,500 shares to establish the Company.

Article 20 The total number of the shares issued by the Company is 2,329,811,766, among which 2,177,071,961 Renminbi ordinary shares, 152,739,805 domestically listed foreign-funded shares.

Article 21 The Company or its subsidiaries (including its affiliated enterprises) shall not, by such means as donation, advancement, guarantee, loan or otherwise,

provide anyone who obtains the Company's shares or the parent company's shares with financial assistance, except where the employee stock ownership plan is implemented.

For the interests of the Company, upon resolution of a shareholders' meeting or resolution by the board of directors pursuant to the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance to others for obtaining of the company's shares or the parent company's shares, provided that the total cumulative amount of financial assistance shall not exceed 10% of the total issued share capital. A board resolution shall be passed by more than two-thirds of all the directors.

Section 2 Share Increase, Decrease and Repurchase

Article 22 The Company may, for the purpose of its operation and development and in accordance with the laws and regulations, adopt the following means for increase in its capital following resolutions respectively adopted by the shareholders' meeting:

- (1) issuance of shares to unspecified objects;
- (2) issuance of shares to specified objects;
- (3) issuing bonus shares to current shareholders;
- (4) converting the common reserve fund into the share capital; or
- (5) other means as prescribed by laws and administrative regulations and the CSRC.

Article 23 The Company may reduce its registered capital. If its registered capital is reduced, the Company shall comply with the Company Law, and other relevant provisions and procedures as prescribed in these Articles of Association.

Article 24 The Company shall not acquire its own shares, except under any of the following circumstances:

- (1) decreasing the Company's registered capital;
- (2) merging/consolidating with other companies holding the shares of the Company;
- (3) Use of shares for employee stock ownership plans or equity incentives;
- (4) where shareholders raise objections to resolutions by the shareholders' meeting on the merger or spin off of the Company, and thus require it to acquire its own shares;
- (5) Use of shares for conversion of convertible corporate bonds issued by the Company; or
- (6) It is necessary for maintaining the value of the Company and shareholders' equity.

Article 25 Buyback of shares by the Company may be carried out through open centralized trading, or via any other method recognized by laws and administrative regulations and the CSRC.

A share buyback by the Company under the circumstances stipulated in item (3), item (5) or item (6) of Article 24 shall be carried out via an open centralized trading method.

Article 26 A resolution of a shareholders meeting is required for a share buyback by the Company under any of the circumstances stipulated in item (1) and item (2) of Article 24; a resolution of the Board meeting presented by two-thirds or more of the directors is required for a Company's share buyback under any of the circumstances stipulated in item (3), item (5) and item (6) of Article 24.

Where a share buyback by the Company pursuant to the provisions of Article 24 falls under the circumstances set out in item (1), the shares shall be deregistered within 10 days from the date of buyback; where a share buyback by the Company pursuant to the provisions of Article 24 falls under the circumstances set out in item (2) or item (4), the shares shall be transferred or deregistered within six months; where a share buyback by the Company pursuant to the provisions of Article 24 falls under the circumstances set out in item (3), item (5) or item (6), the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company, and the shares shall be transferred or deregistered within three years.

Section 3 Share Transfer

Article 27 The Company shares shall be transferred according to the law.

Article 28 The Company shall refuse to have its own shares as the collateral of pledge.

Article 29 The directors and senior executives of the Company shall report to the Company their shares in the Company and any alterations to the shares so held, and the shares transferred annually by them during their terms of office determined at the time of appointment shall not exceed 25% of their total shares of the same type of shares of the Company; their shares in the Company shall not be transferred within the first year after the Company's stocks are listed. The aforesaid persons shall not transfer their shares in the Company for the period of six months after they resign from the Company.

Article 30 Where the Company's shareholders which hold more than 5% of the total shares of the Company, directors and senior executives sell their stocks or other securities of equity nature within six months after having bought them, or repurchase them within six months after having sold them, all earnings thus obtained shall be confiscated by the Company and be revoked by the board of directors of the Company. However, exception applies where a securities company holds more than 5% of the

Company's shares due to purchase of any remaining shares in a best efforts underwriting, or where there are any other circumstances stipulated by the CSRC.

Shares or other securities of equity nature held by directors, senior executives and natural-person shareholders referred to in the preceding paragraph shall include shares or other securities of equity nature held by their spouse, parents, children, and held by them using other's accounts.

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

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

Chapter 4 Shareholders and Shareholders' meetings

Section 1 General Rules on Shareholders

Article 31 The Company shall, according to the evidence provided by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, prepare a register of shareholders, which serves as sufficient evidence for the Company's shares held by the shareholders. Shareholders shall enjoy rights and bear responsibilities according to the kinds of shares held by them; shareholders with the same kind of shares shall enjoy equal rights and bear the same obligations.

Article 32 When the Company holds the shareholders' meeting, distributes stock dividends, goes into liquidation proceedings or conducts other acts requiring the identification of shareholders, the board of directors or the convener of the shareholders' meeting shall decide on the equity registration date and shareholders who are recorded in the said register after the closing of the equity registration date shall be the shareholders entitled to the relevant rights and interests.

Article 33 Shareholders of the Company are entitled to the following rights:

- (1) obtaining the dividends or other forms of interest distributions according to the numbers of shares held by them;
- (2) legally requesting to hold, convening, presiding over, attending or entrusting

shareholders' proxies to attend the shareholders' meeting and exercising the relevant voting rights;

- (3) supervising over, giving recommendations on or inquiring about the business operation of the Company;
- (4) transferring, donating or pledging their shareholdings in accordance with laws, administrative regulations and the provisions hereof;
- (5) having access to and making copies of these Articles of Association, register of shareholders, *minutes of the shareholders' meeting*, *resolutions of the board of directors*, and financial and accounting statements; qualified shareholders may consult the Company's accounting books and accounting vouchers;
- (6) participating in the distribution of the Company's remaining properties in accordance with their shareholdings, upon the termination or liquidation of the Company;
- (7) demanding the Company to acquire the shares of the shareholders who raise objections to the merger/consolidation and spin-off resolutions adopted by the shareholders' meeting; and
- (8) other rights prescribed in laws, administrative regulations and other regulations of ministries and commissions, and the provisions of these Articles of Association.

Article 34 The shareholders who request to consult or make copies of the relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and related laws and administrative regulations.

When a shareholder requests to consult or copy the relevant materials specified in Item (5) of Article 33 of these Articles of Association, the shareholder shall submit a written request to the Company, stating the purpose, specific content and time of consulting or copying the relevant materials, and provide the Company with the following materials:

- (1) Shareholder identification documents (natural person shareholders shall provide a copy of their identity certificate; legal person shareholders shall provide a copy of their business license and the legal representative's identity certificate, and present the original documents to the Company on the day of inspecting or copying the relevant materials); if the consulting or copying is conducted by proxy, the proxy's own identity certificate and the shareholder's written power of attorney shall also be provided;
- (2) Written documents proving the type and quantity of the Company's shares held by

the shareholder;

(3) A written statement for consulting or copying the Company's relevant materials, clearly stating the direct relevance between the consulting or copying of the Company's relevant materials and the shareholder's legitimate rights and interests, and containing no content related to unfair competition, damage to the Company's interests or other improper purposes.

The Company shall give a reply within 10 working days from the date of receiving the shareholder's written request and the above-mentioned materials. After verifying the shareholder's identity and confirming the purpose of the application, if the Company approves the shareholder's request to consult or copy the relevant materials, it shall, notify the shareholder to conduct on-site inspection at the place designated by the Company after signing a confidentiality agreement. If the shareholder needs to copy the relevant materials, it shall obtain the prior consent of the Company and make the copy on the company's premises. If the Company has reasonable grounds to believe that the shareholder's consulting or copying of the Company's relevant materials is not relevant to the shareholder's legitimate rights and interests, or that the shareholder has improper purposes which may damage the Company's legitimate interests, the Company may reject the request and explain the reasons to the shareholder.

From the time the shareholder submits the application to the day when the relevant materials are formally consulted or copied, the shareholder shall continuously meet the requirements on shareholding ratio and shareholding period for shareholders to have the right to consult and copy relevant materials as stipulated in laws and administrative regulations such as the Company Law and the Securities Law.

Article 35 Where the resolutions adopted by the shareholders' meeting and the meeting of the board of directors violate laws and administrative regulations, the shareholders shall be entitled to request judgment by the people's court that such resolutions are null and void.

Where the convening procedures and voting methods of the shareholders' meeting and board of directors violate laws, administrative regulations or these Articles of Association, or the contents of the resolutions adopted by the shareholders' meeting and the meeting of the board of directors contravene these Articles of Association, the shareholders shall be entitled to, within 60 days from the date of such resolutions are made, request their revocation by the people's court, except where the convening procedures or voting method of a shareholders' meeting or a board meeting has only minor defect which does not have a substantial impact on the resolution.

Where the relevant parties such as the board of directors, the shareholders etc. dispute over the validity of resolution passed by the shareholders' meeting, they shall promptly file a lawsuit with a people's court. Before the people's court makes a

judgment or ruling on revocation of the resolution, the relevant parties shall implement the resolution passed by the shareholders' meeting. The Company, its directors and senior executives shall perform their duties pragmatically and ensure normal operations of the Company.

Where the people's court has made a judgment or ruling on the relevant matter, the Company shall perform information disclosure obligation pursuant to the provisions of laws, administrative regulations, the CSRC and the Stock Exchanges, provide adequate explanation on the impact and actively cooperate in enforcement of the judgment or ruling upon its validity. Where a correction of preliminary matter is involved, the correction shall be promptly made, and the corresponding information disclosure obligation shall be performed.

Article 36 Under any of the following circumstances, a resolution passed by a shareholders' meeting or a board meeting is not valid:

- (1) the resolution is passed without holding a shareholders' meeting or a board meeting;
- (2) the resolution is not voted on at a shareholders' meeting or a board meeting;
- (3) the number of persons present at the meeting or the number of votes held does not attain the number stipulated in the Company Law or the Articles of Association, or the number of votes held; or
- (4) the number of persons who consent to the resolution or the number of votes held does not attain the number stipulated in the Company Law or the Articles of Association, or the number of votes held.

Article 37 Where the directors and the senior executives other than the audit committee members violate any laws, administrative regulations or any of Articles of Association in fulfilling their duties and thereby cause losses to the Company, the shareholders who for more than 180 consecutive days hold singly or jointly over 1% of the Company's shares shall be entitled to request in writing the audit committee to file a suit with the people's court; where a member of the audit committee violates any laws, administrative regulations or any of Articles of Association in fulfilling its duties and thereby causes losses to the Company, the aforesaid shareholders may request in writing the board of directors to file a suit with the people's court.

Where the audit committee or the board of directors refuse to file lawsuits after having received a written request from the shareholders as described in the preceding paragraph, or fail to file a suit with the people's court within 30 days after their receipt of such requests, or under any emergency, failure to immediately file lawsuits may possibly cause irreparable losses to the Company, the shareholders as prescribed in

the preceding paragraph shall be entitled to file suits directly to the people's court in their own names.

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

Where a director or senior executive of a wholly-owned subsidiary of the Company when performing his/her duties contravenes the laws, administrative regulations, or the Articles of Association, resulting in losses to the Company, or another person infringes upon the legal rights and interests of a wholly-owned subsidiary of the Company, resulting in losses, a shareholder individually or jointly holding 1% or more of the shares of the Company for more than 180 consecutive days may, according to the first three paragraphs of Article 189 of the Company Law, request in writing the directors or board of directors of the wholly-owned subsidiary to file a lawsuit with a people's court or may directly file a lawsuit with the people's court in his/her own name.

Article 38 Where the violation of laws, administrative regulations or the provisions hereof by the directors and senior executives has caused losses to the shareholders, the shareholders may file a suit with the people's court.

Article 39 The shareholders of the Company shall bear the following obligations:

- (1) observing laws, administrative regulations, and these Articles of Association;
- (2) paying the capital according to the shares subscribed by them and the method of their capital contributions;
- (3) not to withdraw their shares unless otherwise specified by laws, rules and regulations; and
- (4) not to abuse shareholder's rights to harm the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liabilities of shareholders to harm the interests of the creditors of the Company;
- (5) other obligations which shall be born in line with the laws, administrative regulations and the provisions hereof.

Article 40 Where abuse by the Company's shareholders of their rights has caused losses to the Company or other shareholders, such shareholders shall bear the

compensation liabilities in accordance with the law.

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

Section 2 Controlling Shareholders and Actual Controllers

Article 41 Controlling shareholders and actual controllers of the Company shall exercise their rights and perform their obligations in accordance with the laws, administrative regulations, the provisions of the CSRC and the Stock Exchanges to protect the interests of the Company.

Article 42 Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

(1) exercising shareholder's rights in accordance with the law, not abusing the controlling right or making use of related-party relationships to damage the legitimate rights and interests of the Company or other shareholders;

(2) strictly performing the declarations and various commitments made, without unauthorized alteration or exemption;

(3) performing information disclosure obligations strictly in accordance with the relevant provisions, taking the initiative to cooperate with the Company in information disclosure and notifying the Company promptly of material events which have occurred or will occur;

(4) not occupying the Company's funds in any way;

(5) not compelling, instigating or requesting the Company and its relevant personnel to provide guarantee in violation of laws and regulations;

(6) not making use of the Company's undisclosed material information to seek gains, not divulging undisclosed material information relating to the Company in any way, and not engaging in insider trading, short-swing trading and market manipulation or other acts in violation of laws and regulations;

(7) not impairing the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, outbound investment or other means;

(8) ensuring the integrity of the Company's assets, staff independence, financial independence, organizational independence and business independence, and not affecting the Company's independence in any way; and

(9) other provisions of laws, administrative regulations, the provisions of the CSRC, the business rules of the Stock Exchanges and the Articles of Association.

Where the controlling shareholders and actual controllers of the Company instruct the directors and senior executives to damage the interests of the Company or shareholders, they shall bear joint and several liability with the directors and senior executives.

Article 43 The transaction between the Company and the controlling shareholders or actual controllers regarding provision of funds, commodities and services and other asset shall strictly comply with decision-making procedures of affiliate transaction and fulfilling examination and deliberation procedure of the board of directors and shareholders' meeting, the affiliated director and shareholder shall withdraw from voting. The Company shall not provide funds, commodities, services or other asset to the shareholder and actual controller without consideration or on manifestly unfair terms; or provide guarantee to a shareholder or actual controller that is noticeably unable to make repayment; or provide guarantee to a shareholder or actual controller without justifiable reasons; or relinquish debt against a shareholder or actual controller without justifiable reasons; or assume debts of a shareholder or actual controller without justifiable reasons.

The directors and senior executives of the Company shall have the obligation to preclude the asset of the Company from being occupied by a controlling shareholder or its affiliated enterprise. Where the directors and senior executives of the Company assist and connive a controlling shareholder or its affiliated enterprise to misappropriate the asset of the Company, the board of directors of the Company shall, in the light of the seriousness of the circumstances, circulate a notice of criticism or warn against the direct responsible person, and submit the issue of whether to remove a director who bears serious responsibility to the shareholders' meeting for vote. The board of directors of the Company shall establish the mechanism "freezing upon embezzlement" applicable to the shares held by the controlling shareholder, namely, in case that the controlling shareholder and its subsidiaries are discovered to embezzle the Company's assets, an application shall be immediately submitted to the judicial authority pursuant to the law for the judicial freezing of the shares held by the controlling shareholder so that the embezzled assets which cannot be recovered in cash may be recovered through the sale of the frozen shares. The chairman of the board of directors of the Company shall be the person undertaking the primary responsibilities for the mechanism "freezing upon embezzlement", and the Chief Financial Officer, the secretary of the board of directors shall assist the chairperson of the board of directors in conducting the work of "freezing upon embezzlement"

The specific implementing procedures are as follows:

1. The Chief Financial Officer, upon discovering that a controlling shareholder misappropriate the asset of the Company, shall report to the chairman of the board of directors in writing on the same day of such discovery; where the chairman of the board of directors is a controlling shareholder, the Chief Financial Officer shall report to the chairman of the board of directors, and, at the same time, report to the secretary of the board of directors and chairperson of the audit committee in writing on the day of discovering that a controlling shareholder misappropriated the asset of the Company; the content of the report shall include the name of the controlling shareholder which occupies the asset, the name of the occupied asset, the time period of occupation, the amount of money involved and estimated term of compensation, etc.; where it is discovered that a director or senior executive assist or connive a controlling shareholder or its affiliated enterprise to misappropriate the asset of the Company, the Chief Financial Officer shall specify the name and the circumstances of assistance and connivance to the controlling shareholder or its affiliated enterprise to misappropriate the asset of the Company of the director or senior executive involved in the written report.
2. The chairman of the board of directors shall urge the secretary of the board of directors to inform the directors in writing or by email and convene an interim meeting of the board of directors to examine and deliberate the term of compensation for the controlling shareholder, the decision of punishment against the responsible director or senior executive and application for freeze of the shares of the controlling shareholder with judicial department, etc. according to the written report of the Chief Financial Officer; if the chairman of the board of directors is a controlling shareholder or a controlling shareholder of a controlling shareholder of the Company, the secretary of the board of directors shall immediately inform the directors in writing or by email following the receipt of the written report of the Chief Financial Officer and convene an interim meeting of the board of directors according to the Company Law and these Articles of Association to examine and deliberate the term of compensation for the controlling shareholder, the decision of punishment against responsible director or senior executive and application for freeze of the shares of the controlling shareholder with judicial department, etc., and affiliated directors shall withdraw from examination and deliberation; for directors who bears serious responsibility, the board of directors shall submit them to shareholders' meeting for vote after examining and deliberating relevant punishment decision.
3. The secretary of the board of directors shall send compensation notice within given time period to the controlling shareholder, execute the punishment decision against relevant director or senior executive, and apply for judicial freeze of the

shares of the controlling shareholder with judicial department, etc. and conduct information disclosure thereof according to the resolution of the board of the directors; the Company and the board of directors of the Company shall provide convenience to the secretary of the board of directors for the said items, including issuing letter of authorization, provide guarantee for judicial freeze, approve the secretary of the board of directors to engage professional parties to assist and bear the cost, etc.; the secretary of the board of directors shall inform the director who bears serious responsibility in time after relevant items are examined, deliberated and approved by the shareholders' meeting, and draft relevant punishment documents and handle with relevant procedures.

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

Article 44 Where controlling shareholders and actual controllers pledge the Company's shares held or actually controlled by them, they shall maintain the control of the Company and the stability of production and operation.

Article 45 Any controlling shareholder or actual controller that transfers Company shares held by it shall abide by any restrictive provisions on share transfers set forth in laws, administrative regulations, the rules of the CSRC and the Stock Exchanges, and any commitment it makes with respect to the restricted share transfers.

Section 3 General Provisions of Shareholders' Meetings

Article 46 The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting is the organ of power of the Company and shall exercise the following powers and functions:

- (1) electing and replacing the posts of the directors, and deciding on the remunerations of such directors;
- (2) examining, deliberating and approving the board of directors' report;
- (3) examining, deliberating and approving the Company's profit distribution plan and plan to recover the Company's losses;
- (4) adopting resolutions on increase or decrease in the Company's registered capital;

- (5) adopting resolutions on issuance of the Company bonds;
- (6) adopting resolutions on the merger/consolidation, spin-off, dissolution, liquidation or change of Company type of the Company;
- (7) amending these Articles of Association;
- (8) making resolutions on the appointment or dismissal by the Company of an accounting firm that undertakes the auditing of the Company;
- (9) examining, deliberating and approving the guarantee particulars prescribed in Article 47 hereof;
- (10) examining, deliberating matters regarding the purchase and sales within one year by the Company of major assets which exceed 30% of the latest audited total assets of the Company;
- (11) examining, deliberating and approving changes in the usage of the funds raised;
- (12) examining and deliberating the stock incentive plan and employee stock ownership plans; and
- (13) examining and deliberating other matters which shall be decided by the shareholders' meetings according to the laws, administrative regulations, regulations of ministries and commissions or provisions hereof.

A shareholders' meeting may authorize the board of directors to decide on the issuance of company bonds.

Article 47 The below listed external guarantee of the Company shall be approved by the shareholders' meeting after examination and deliberation:

- (1) Any guarantee made by the Company after the total amount of external guarantees offered by the Company and any of the Company's controlled subsidiaries exceeds 50% of the latest audited net assets;
- (2) Any guarantee made by the Company after the total amount of external guarantees offered by the Company and any of the Company's controlled subsidiaries exceeds 30% of the latest audited total assets;
- (3) The amount of external guarantees provided by the Company to others within one year exceeds 30% of the Company's latest audited total assets;
- (4) Any guarantee provided to any party whose asset-liability ratio exceeds 70%;

- (5) Any single guarantee with amount exceeding 10% of the latest audited net assets;
or
- (6) Any guarantee provided to the shareholders, the actual controllers or their affiliated parties.

If the Company's external guarantee violates the approval authority and deliberation procedure, causing losses to the Company, the relevant responsible person shall bear the responsibility of compensation, and the Company will give the relevant responsible person corresponding punishment according to the economic loss suffered by the Company and the severity of the situation.

Article 48 There are the annual shareholders' meeting and the interim shareholders' meeting. The annual shareholders' meeting shall be held once a year, and within six months from the end of the last fiscal year.

Article 49 The interim shareholders' meeting shall be held by the Company within two months of when one of the following circumstances occurs:

- (1) The number of directors is less than the number stipulated under the Company Law or 2/3 of the number of directors in Article 110 of this AOA;
- (2) The number of independent directors is less than 1/3 of the number of all directors;
- (3) Unrecovered Company losses have reached 1/3 of the total amount of the capital;
- (4) Shareholders that separately or jointly hold more than 10% of the Company's shares request to hold an interim shareholders' meeting;
- (5) The board of directors deems it necessary to hold an interim shareholders' meeting;
- (6) The audit committee proposes to hold an interim shareholders' meeting; or
- (7) Other circumstances prescribed in laws, administrative regulations, regulations of ministries and commissions or these Articles of Association.

Article 50 The location of the shareholders' meeting shall be the domicile of the Company or other place as set forth in the notice of the shareholders' meeting.

The shareholders' meeting will be on-site meeting. The Company will also provide online voting to facilitate the shareholders in attending the meeting. If shareholders

attend the shareholders' meeting by the aforesaid means, they shall be deemed to have been present.

Article 51 The Company shall engage a law firm to issue legal opinions on the following matters when holding the shareholders' meeting:

- (1) Whether the convention of the meeting and holding procedures are in line with laws, administrative regulations, and the provisions hereof;
- (2) Whether the qualifications of the attendees and convener are lawful and effective;
- (3) Whether the voting procedures and results of the meeting are lawful and effective; and
- (4) Legal opinions issued upon the request of the Company on other relevant issues.

Section 4 Convening of Shareholders' meetings

Article 52 The board of directors shall convene a shareholders' meeting within the prescribed period.

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

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

Article 53 The audit committee shall have the right to propose the convening of the interim shareholders' meeting and shall submit its proposal to the board of directors in writing. The board of directors shall, in accordance with the provisions of the laws, administrative regulations and these Articles of Association, provide feedback in writing on approval or disapproval within 10 days from the date of the receipt of the said proposal.

Where the board of directors approves the convening of interim shareholders'

meetings, it shall send a notice thereof within five days after the approval resolution of the board of directors. Where the notice changes the original proposal, the approval of the audit committee shall be required.

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

Article 54 The shareholders singly or jointly holding more than 10% of the shares of the Company shall propose in writing to the board of directors the convening of the interim shareholders' meeting. The board of directors shall, in accordance with the provisions in laws, administrative regulations and these Articles of Association, provide feedback in writing on the approval or disapproval within 10 days from the date of the receipt of such proposal.

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

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

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

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

Article 55 Where the audit committee or the shareholders decide to convene the shareholders' meeting independently, they shall notify the board of directors in writing to such effect and file with the stock exchange.

The audit committee or the convening shareholders shall, upon sending the notice of the shareholders' meeting and announcing the resolutions of the shareholders' meeting, submit related certificates to the stock exchange.

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

Article 56 With respect to shareholders' meetings independently convened by the audit committee or the shareholders, the board of directors and the secretary of the board of directors shall give their cooperation. The board of directors shall provide the register of shareholders of equity registration date.

Article 57 Where the shareholders' meeting is held independently by the audit committee or shareholders, all necessary costs and expenses of the meeting shall be borne by the Company.

Section 5 Proposal and Notice of Shareholders' meetings

Article 58 The contents of a proposal shall be amongst the functions and powers of the shareholders' meeting, have clear topics for discussion and detailed resolution matters, and be in line with the relevant provisions of the laws, administrative regulations and these Articles of Association.

Article 59 Where the Company holds the shareholders' meeting, the board of directors, the audit committee and the shareholders that singly or jointly hold more than 1% of the Company's shares shall have the right to raise proposals to the Company.

The shareholders that singly or jointly hold more than 1% of the Company's shares may, 10 days prior to the convention of the shareholders' meeting, raise the interim proposals and submit them in writing to the convener. The convener shall, within two days after receipt of such proposals, issue a supplementary notice of the shareholders' meeting, and announce the contents of the interim proposals and submit the interim proposals to the shareholders' meeting for deliberation, except where interim proposals contravene the provisions of laws, administrative regulations, or the Articles of Association or do not fall within the scope of duties and powers of the shareholders' meeting.

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

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

Article 60 For the annual shareholders' meeting, the convener shall by announcement notify all the shareholders 20 days prior to the convention of the said meeting. For the interim shareholders' meeting, the convener shall by announcement notify all the shareholders 15 days in advance. When calculating the notice period, the day when the meeting is held shall not be included.

Article 61 The notice of the shareholders' meeting shall include the following contents:

- (1) time, place and time limit of the shareholders' meeting;
- (2) matters and proposals submitted to the shareholders' meeting for its examination and deliberation;
- (3) clearly written explanation: all shareholders shall have the right to attend the shareholders' meeting and may in writing entrust their proxies to attend the meeting and participate in votes. The proxies of the shareholders may not necessarily be the shareholders of the Company;
- (4) equity registration date of any shareholder entitled to attend the shareholders' meeting;
- (5) name and telephone number of the contact person in charge of shareholders' meeting matters; and
- (6) the time and procedure of voting online or by any other means.

Article 62 Where the shareholders' meeting intends to discuss matters related to the election of directors, the notice of the shareholders' meeting shall fully disclose detailed information about such directors, including at least the following contents:

- (1) such personal information as the education background, working experience, part-time job and so on;
- (2) whether the candidates for directors have affiliated relationship with the Company or its controlling shareholders and the actual controllers;
- (3) the number of Company shares held by the candidates for directors; and
- (4) whether candidates for directors have received punishments by the CSRC or other departments or warning reprimands from the stock exchange.

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

Article 63 Once the notice of the shareholders' meeting is issued, the shareholders' meeting shall not be postponed or canceled without justifiable cause, nor shall the proposals set out in the shareholders' meeting notice be canceled. In the case of the said postponement or cancellation, the convener shall make an announcement stating reasons for such postponement or cancellation at least two working days in advance of the original date for holding the shareholders' meeting.

Section 6 Holding of Shareholders' Meetings

Article 64 The board of directors and other conveners of the Company shall take necessary measures to ensure the normal order of the shareholders' meetings. The board of directors and other conveners of the Company shall take measures to prevent acts which interfere with the shareholders' meeting, cause disturbance or infringe on the lawful rights of the shareholders, and shall promptly report such acts to the relevant departments for investigation and punishment.

Article 65 All shareholders recorded in the register of shareholders on the equity registration date or their proxies shall have the right to attend the shareholders' meeting and exercise their voting rights in accordance with the relevant laws, rules and these Articles of Association. A shareholder may attend the shareholders' meeting in person or appoint a proxy to attend or vote on his/her behalf.

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

Article 66 Where the individual shareholders personally attend the shareholders' meeting, they shall present their identification cards or other valid certificates which verify their identities; where the individual shareholders entrust their proxies to attend the meeting on their behalf, said proxies shall present their valid identity certificates and the power of attorney from the shareholder.

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

legally by the legal representatives of the legal person shareholders.

Article 67 The power of attorney, as issued by the shareholders, shall indicate that proxies are entrusted to attend the shareholders' meeting and shall contain the following items:

- (1) name or title of the principal, and the type and number of shares held;
- (2) the name or title of each proxy;
- (3) specific instructions given by the shareholder, including instructions for affirmative, negative or abstention vote upon every matter which is listed in the agenda of and shall be examined and deliberated at the shareholders' meeting;
- (4) issuing date and term of validity of the power of attorney;
- (5) signature (or seal) of the principal. Where the principal is a legal person shareholder, the official seal of the legal person shareholder shall be affixed.

Article 68 Where the power of attorney granted for voting by proxy is signed by a person entrusted by the principal, the authorization letter signed by authorization or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents, as well as the power of attorney granted for voting by proxy shall be kept at the domicile of the Company or at any other place prescribed in the Notice for convening the shareholders' meeting.

Article 69 The register of attendants of the shareholders' meeting shall be prepared by the Company. The register shall expressly record such matters as the name of the attendant (or of the unit thereof), the identification card number, the number of voting shares held or represented by the attendant, and the name of the principal (or the unit thereof).

Article 70 The convener and the lawyer engaged by the Company shall, in accordance with the register of shareholders provided by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, jointly verify the legality of the qualification of each shareholder, and register the full name of and number of voting shares held by each shareholder. Prior to the announcement by the presider of the total number of shareholders who attend the on-site shareholders' meeting and the total number of the voting shares held by the attending shareholders and proxies, the registration shall be ceased.

Article 71 If the shareholders' meeting requires the directors and senior executives to attend the meeting without voting rights, the directors and senior executives shall attend the meeting without voting rights and answer the shareholders'

inquiries.

Article 72 The shareholders' meeting shall be presided over by the chairman of the board of directors. Where the chairman is unable to or fails to perform his duties, the shareholders' meeting shall be presided over by a director jointly elected by more than half of the directors.

If independently convened by the audit committee, the shareholders' meeting shall be presided over by the convener of the audit committee. Where the convener of the audit committee unable to or fails to perform his duties, the shareholders' meeting shall be presided over by a member of the audit committee jointly elected by more than half of the members of the audit committee.

Shareholders' meetings independently convened by the shareholders shall be presided over by the convener or the representative appointed thereby.

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

Article 73 The Company shall formulate the procedural rules of the shareholders' meeting, which shall prescribe the detailed holding and voting procedures of said meeting, including the notice, registration, examination and deliberation of proposals, ballot, vote calculation, announcement of voting results, formulation of meeting resolutions, meeting minutes and signature, announcement and other items, as well as the principles by which the shareholders' meeting authorizes the board of directors. The authorized content shall be definite and specific. The procedural rules of the shareholders' meeting shall be attached as an appendix to the Company's Articles of Association and shall be drafted by the board of directors and approved by the shareholders' meeting.

Article 74 The board of directors shall, at the annual shareholders' meeting, report their work for the last year to such meeting. Each independent director shall also report his work.

Article 75 Directors and senior executives shall at the shareholders' meeting give explanations and clarifications on the inquiries and recommendations raised by the shareholders.

Article 76 The presider of the shareholders' meeting shall, prior to vote, announce the total number of attending shareholders and proxies, and the total voting shares held by them. The total number of attending shareholders and proxies, and the total voting shares held by them shall be subject to registration before the

shareholders' meeting.

Article 77 The shareholders' meeting shall have meeting minutes and these shall be the responsibility of the secretary of the board of directors. The meeting minutes shall record the following items:

- (1) time, place, agenda, and name of the convener of the meeting;
- (2) name of the presider and each of the directors and senior executive who sit on the meeting;
- (3) total number of voting shares held by shareholders (including their proxies) by the domestic shares and shareholders (including their proxies) of domestically listed foreign-funded shares, and proportion of such total number in the Company's shares;
- (4) examination and deliberation procedure, main speech points and voting result of each proposal by shareholders of the domestic shares and shareholders of domestically listed foreign-funded shares;
- (5) inquiries or recommendations of the shareholders and the relevant replies or explanations thereto;
- (6) name of lawyers, vote counters and vote supervisor; and
- (7) other items shall be recorded in the meeting minutes in accordance with the provisions hereof.

Article 78 The convener shall ensure the authenticity, accuracy and completeness of the minutes of the shareholders' meeting. The directors, secretary of the board of directors, convener or representative thereof, and the meeting presider present at the meeting with or without voting rights shall sign the meeting minutes. Meeting minutes shall, together with the register of the present shareholders and the powers of attorney for attendance by proxy, and valid materials concerning votes through the internet and other means shall be kept together for a period of no less than ten years.

Article 79 The convener shall ensure the continuity of the shareholders' meeting until the final resolutions are formed. Where such specific reasons as force majeure or other special causes result in the suspension of the shareholders' meeting or the failure to adopt a resolution at the meeting, the necessary measures shall be taken to resume the shareholders' meeting as soon as possible or to directly close the meeting and make an immediate announcement. At the same time the convener shall report to the CSRC office in the place where the Company is located and the stock exchange.

Section 7 Vote and Resolution of Shareholders' meetings

Article 80 There shall be two types of resolutions of the shareholders' meeting: ordinary resolution and special resolution.

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

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

Article 81 The following matters shall require the approval of the shareholders' meeting by ordinary resolution:

- (1) work report of the board of directors;
- (2) profit distribution plan and plan to recover Company losses as drafted by the board of directors;
- (3) appointment and dismissal of members of the board of directors, remunerations to them and the method for payment of such remunerations; and
- (4) other matters which shall be passed by special resolution in accordance with the provisions of the laws, administrative regulations or these Articles of Association.

Article 82 The following matters shall be passed at the shareholders' meeting by special resolution:

- (1) increase or decrease in the registered capital of the Company;
- (2) spin-off, split, merger/consolidation, dissolution and liquidation of the Company;
- (3) amendment to these Articles of Association;
- (4) where, within the period of one year, purchases or sales by the Company or the amount of the guarantee provided by the Company to others exceeds 30% of the latest audited total assets of the Company;
- (5) stock incentive plan; and

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

Article 83 Shareholders (including proxies thereof) shall exercise their voting rights as represented by the number of voting shares held by them, and each share shall have one voting right.

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

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

Where the shareholder violates the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law in purchasing voting shares, the voting right of the part that has exceeded the prescribed proportion shall not be exercised within 36 months after the purchase, and such part of shares will not be included in the total number of voting shares held by the attending shareholders.

The board of directors, independent directors, shareholders holding more than 1% of the voting shares or the investor protection institutions statutorily set up may publicly collect the voting rights of shareholders. When soliciting shareholders' voting rights, the specific voting intent and other information shall be fully disclosed to the solicited party. It is prohibited to solicit shareholders' voting rights in a paid or disguised paid manner. Except for the statutory criteria, the company shall not set minimum shareholding percentage restrictions for solicitation of voting rights.

Article 84 The board of directors shall decide whether the relevant items proposed to be submitted to the shareholders' meeting for examination and deliberation constitute affiliated transaction according to the laws, rules and the Listing Rules of Shenzhen Stock Exchange. Where the board of directors decide that the items proposed to be submitted to the shareholders' meeting for examination and deliberation constitute affiliated transaction, it shall inform the affiliated shareholders in writing.

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

and deliberation.

When the shareholders' meeting examines and deliberates affiliated transactions, the affiliated shareholders shall submit the application to refrain from voting upon such affiliated transactions, and other parties shall have the right to require such shareholders to refrain from voting. The affiliated shareholders may explain and clarify the affiliated transaction concerning themselves and whether such transaction is fair and legal and reason thereof to the shareholders' meeting, but such shareholders shall not have right to vote with regard to this affiliated transaction and the number of voting rights represented by them shall not be calculated in the total number of valid votes; the announcement of the shareholders' meeting shall fully disclose the votes of the non-affiliated shareholders.

Article 85 Except for under unusual circumstances such as crisis and otherwise, the Company shall not sign a contract with any person other than the directors and senior executives, which specifies the entrustment by the Company of the management of all or important businesses to such person.

Article 86 The nomination and election of non-staff representative directors.

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

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

1. The Board of Directors of the Company or the shareholders singly or jointly holding more than 1% of the shares of the Company may nominate candidates to serve as non-independent directors who are not employee representatives.
2. The Board of Directors of the Company or the shareholders singly or jointly holding more than 1% of the shares of the Company may nominate candidates to serve as independent directors. An investor protection institution established in accordance with the laws may publicly request shareholders to entrust it to exercise the right to nominate independent directors on their behalf. The above-mentioned nominators shall not nominate individuals with interests or other closely related individuals who may affect independent performance as independent director candidates.

The nominator of an independent director shall nominate the nominee with such nominee's prior consent. The nominator shall adequately understand the profession, academic qualifications, professional titles, detailed work experience, all part-time jobs of the nominee and whether the nominee has any negative record of material dishonesty, and express his opinion on the independence and other qualifications of the nominee's serving as an independent director, and the nominee shall make a

public statement on his independence and other qualifications serving as an independent director. Before the convening of the shareholders' meeting relating to the election of the independent director, the board of directors shall announce said content according to relevant regulations.

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

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

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

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

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

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

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

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

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

- (3) Where the total number of voting power on a vote exceeds the legitimate number of voting power of a shareholder, such vote shall be deemed invalid.
- (4) Where the total number of voting power on a vote is no more than the legitimate number of voting power of a shareholder, such vote shall be deemed valid.
- (5) After the voting, the votes shall be counted and the votes obtained by each candidate shall be announced, and the directors elected shall be determined based upon the number of votes obtained by candidate directors.
- (6) The principle of election of directors: the final directors elected shall be determined based upon the number of votes obtained by candidate directors, but the lowest votes obtained by each director elected shall be more than half of the voting power of the shareholders attending the shareholders' meeting (including proxies thereof).
- (7) Where the number of candidate directors is more than the number of candidate directors to be elected, the director elected shall be determined according to the votes obtained by them in descending order. However, the number of voting rights of a director elected shall meet the requirement as set forth in Item (6) hereof.
- (8) If the number of candidate directors obtained the same votes exceed such kind of directors to be elected, the said candidate directors shall be voted again according to the procedures set forth in this article until the director is elected.
- (9) If a cumulative voting fails to elect required number of a kind of directors required according to Articles of Association, the candidate directors with inadequate amount of votes shall be voted again and if the number of directors elected still fails to meet the requirement, then it shall be voted in next shareholders' meeting.
- (10) Before the shareholders voted upon the election of directors, the board of directors shall be responsible in construing the specific method of cumulative voting set forth in these Articles of Association and ensure the shareholders to execute their voting rights correctly.

Article 87 In addition to the cumulative voting, the shareholders' meeting may take a vote on all the proposals item by item. Where different proposals are submitted for the same matter, votes shall be cast in the sequence that such proposals are submitted. The shareholders' meeting shall not postpone or refuse voting upon the said proposals unless the meeting is suspended or they are unable to adopt a resolution as a result of particular reasons such as force majeure and otherwise.

Article 88 The shareholders' meeting, when examining and deliberating the

proposals, shall not amend them, where there is any amendment, the relevant amendment shall be deemed as a new proposal which shall not be voted on at the same shareholders' meeting.

Article 89 Each voting right shall choose only one of such means including onsite, through the internet or otherwise. The first voting result prevails if repeated votes arise by the same voting right.

Article 90 Votes at the shareholders' meeting shall be by means of open ballot.

Article 91 Prior to vote on proposals at the shareholders' meeting, two shareholders shall be elected by the shareholders' meeting to participate in the vote calculation and supervision. If shareholders have any relation with the matters to be examined and deliberated on, the concerned shareholders and proxies thereof shall not take part in the vote calculation and supervision.

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

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

Article 92 The onsite shareholders' meeting shall not be terminated earlier than the shareholders' meeting held through the internet or by any other means. The presider of the onsite shareholders' meeting shall announce the votes and voting results of each proposal and announce if the proposals have been passed according to the voting results.

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

Article 93 The attending shareholders shall give their opinions on the proposals submitted for vote, being: affirmative, negative or abstention vote, except that a securities registration and settlement institution serving as the nominal holder of the stocks under Inter-connected Mechanism for Trading on Stock Markets in the Mainland and Hong Kong make declaration according to the intention of the actual holders.

The blank, falsely-filled and unreadable votes as well as votes that are not made shall

be deemed as abstention, and the voting results represented by the shares of the abstention voter shall be filled with "abstention".

Article 94 Where the presider has any doubt about the voting results, he may organize to have the number of votes counted; where the presider fails to do so and the attending shareholders or the proxies thereof challenge the voting results announced by the presider, they are entitled to require the counting of votes immediately upon the announcement of the voting results and the presider shall organize the vote calculation without delay.

Article 95 The resolutions of the shareholders' meeting shall be announced promptly and such announcement shall indicate the number of shareholders of domestic shares and foreign-funded shares which attend the meeting, the number of voting shares held by them, the proportions of their voting shares in the total voting shares of the Company, the voting methods, the vote results of each proposal and so on.

Article 96 Where the proposals fail to be passed by the shareholders' meeting or the previous resolutions of the last shareholders' meeting are altered at the current shareholders' meeting, special indications shall be made in the announcement of the said meeting.

Article 97 Where the shareholders' meeting passes a proposal concerning election of directors, the starting time of their assumption of office shall be the date of resolution of the shareholders' meeting is made, and in the case of a director as a representative of the employees shall be the date of resolution of the employee representatives' meeting is made.

Article 98 Where the shareholders' meeting passes a proposal regarding the distribution of cash dividends, share granting or conversion of common reserve fund into share capital, the Company shall implement the detailed plan for such proposals within two months from the closing of the shareholders' meeting.

Chapter 5 Directors and Board of Directors

Section 1 General Rules on Directors

Article 99 The directors of the Company shall be natural persons, they shall not act in the capacity of director under any of the following circumstances:

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

- (2) having been sentenced to criminal penalties due to committed offences of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order, or having been deprived of their political rights due to criminal offences, where less than five years have elapsed since the date of the completion of the execution of the penalty; where a probation has been declared, and not more than 2 years have elapsed since the expiry date of the probation;
- (3) having served in the capacity of director, factory chief or manager of a company or enterprise which has gone into bankruptcy or liquidation proceeding, and being personally responsible for such bankruptcy, where less than three years have elapsed since the closing of the said bankruptcy or liquidation;
- (4) having served as the legal representative of a Company or enterprise whose business license has been revoked or which has been order to close down due to the violation of law, and being personally responsible for such revocation and closing down, where less than three years have elapsed since the said revocation or closure of the company or enterprise;
- (5) being listed as a dishonest person subject to enforcement by the people's court due to a relatively large amount of outstanding personal debt;
- (6) having been prohibited from accessing the securities market by the CSRC, where the specified prohibition period has not yet finished;
- (7) having been announced by the Stock Exchange that it is not appropriate for him to be the director or senior executive of a listed company, and the period has not elapsed; or
- (8) other content as prescribed in the laws, administrative regulations or regulations of ministries and commissions.

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

Article 100 Directors shall be elected or replaced by the shareholders' meeting and may be removed by the shareholders' meeting before the expiration of their term of office. The term of office of the directors shall be three years. The directors may serve consecutive terms if reelected upon expiration of their term of office. The term of office of each director shall commence as of his assumption of office until the expiration of the current board of directors. Where the new directors fail to be

promptly elected upon the expiration of the term of office, then before the newly elected directors assume office, the original directors shall retain their directorship in accordance with the laws, administrative regulations, rule, and these Articles of Association.

Directors can serve concurrently as senior executives, however, the directors who concurrently serve as senior executives and directors who are employee representatives shall not exceed half of all the directors of the Company.

Article 101 The directors shall abide by laws, administrative regulations, and these Articles of Association and be faithful to the Company. He/she shall take steps to avoid his/her own interests conflicting with the Company's interests and may not take advantage of position to seek improper benefits.

The directors have the following duties of loyalty to the Company:

- (1) not misappropriate the Company's assets or embezzle the Company's funds;
- (2) not open accounts in their own name or in the names of others, for depositing the funds of the Company;
- (3) not abuse their functions and powers to offer bribery or receive other illegal income;
- (4) not, directly or indirectly, enter into any contract or trade with the Company without reporting to the board of directors or shareholders' meeting and being approved by the board of directors or shareholders' meeting in accordance with these Articles of Association;
- (5) not abuse their powers and functions to seek business opportunities for themselves or others as should belong to the Company, except if reporting to the board of directors or shareholders' meeting and being approved by resolution at the shareholders' meeting, or if, according to the laws, administrative regulations or these Articles of Association, the Company cannot use such opportunity
- (6) nor operate for themselves or others businesses similar to those of the Company without reporting to the board of directors or shareholders' meeting, and after being approved by resolution at the shareholders' meeting;
- (7) not accept commission derived from transactions between other parties and the Company, as personal gains;
- (8) not reveal the Company's secrets without authorization;

- (9) not abuse affiliated relationships to impair the interests of the Company; and
- (10) other faithful obligations as prescribed in the laws, administrative regulations, regulations of ministries and commissions and these Articles of Association.

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

When a close relative of the directors or senior executives, an enterprise directly or indirectly controlled by the directors, senior executives or their close relative, or a related party having other related-party relationship with the directors or senior executives, enters into a contract or carries out transaction with the Company, the requirement of Item (4), paragraph 2 of this Article applies.

Article 102 The directors shall abide by the laws, administrative regulations and these Articles of Association, and shall act with due diligence towards the Company. When performing duties, they shall exercise reasonable care as the manager for the best interest of the Company.

The directors have the following duties of diligence towards the Company:

- (1) prudently, earnestly and diligently exercising the rights conferred by the Company so as to ensure the compliance of the Company's business acts with the requirements of the laws, administrative regulations and the various State economic policies and that business activities shall not exceed the business scope mentioned in the business license;
- (2) treating all the shareholders fairly;
- (3) promptly gaining understanding of the business, operation and management conditions of the Company;
- (4) signing written confirmation opinion to the Company's periodic report and ensuring that the information disclosed by the Company is true, accurate and complete;
- (5) providing the relevant information and materials to the audit committee faithfully, and not impeding the audit committee in exercising their functions and powers; and
- (6) other obligations of diligence as prescribed in the relevant laws, administrative regulations, regulations of ministries and commissions, and these Articles of Association.

Article 103 Where the directors fail to attend in person two consecutive meetings of the board of directors and further fail to entrust other directors to attend the meeting, they shall be deemed incapable of performing their duties and the board of directors shall propose a shareholders' meeting to replace such directors.

Article 104 The directors may submit the resignation in advance of expiration of the term of office. The directors may submit their resignation report in writing to the Company to resign and the resignation is effective on the date the Company receives the resignation report. The Company shall disclose the relevant information within two trading days thereafter.

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

Article 105 The Company shall set up a management system for the departure of directors, clearly specifying measures to ensure accountability and compensation concerning public commitments which have not been completed and other uncovered matters. Where the director resigns comes into force or his term of office expires, his obligations to the Company and shareholders shall not be discharged before the resignation report comes into effect, nor be discharged within 6 months following the effectiveness of the resignation report or expiration of term of office, and his obligations to the trade secrets of the Company shall survive his term of office, till the trade secrets becomes public information. The duration of his other obligations shall be determined according to the principle of fairness, depending on the intervals between the occurrence of the event and his resignation, and the situations and conditions under which the director terminates his relationship with the Company. The responsibility of the director due to performance of his duties during the term of office will not terminate or be discharged due to leave of office.

Article 106 A shareholders' meeting may resolve to remove a director. The removal takes effect on the date of the resolution made.
If, without proper reason, a director is removed before expiry of term of office, he may request compensation from the Company.

Article 107 Without the legal authorization by these Articles of Association or the board of directors, no director shall represent the Company or the board of directors to act in his own name. If any director acts in his own name and further if in the reasonable opinion of a third party, such acts represent those of the Company or the board of directors, the director shall declare his standpoint and identity at first.

Article 108 When the directors perform their duties in the Company, causing harm to others, the Company shall be liable for compensation. If the directors are intentional or have gross negligence, they shall also be liable for compensation.

Where the law, administrative regulations, regulations of ministries and commissions or these Articles of Association are violated by the directors in performing duties for the Company, thus causing losses to the Company, the directors shall be liable for compensation.

Section 2 Board of Directors

Article 109 The board of directors established by the Company shall be responsible to the shareholders' meeting.

Article 110 The board of directors shall be composed of seven [7] directors, with three [3] independent directors therein. The board of directors shall have one board chairman. The chairman of the Company shall be elected by more than half of all the directors. The board of directors shall have one [1] director as the representative of the staff and workers.

The employee representative is elected democratically by the Company employees through the employee representative congress, employee congress or other method, without submission to the shareholders' meeting for deliberation.

Article 111 The board of directors shall exercise the following functions and powers:

- (1) convening the shareholders' meeting and reporting its work to the shareholders' meeting;
- (2) implementing the resolutions of the shareholders' meeting;
- (3) deciding on the business plan and investment scheme of the Company;
- (4) formulating profit allocation plan and plan to recover losses, of the Company;
- (5) formulating plans of the Company regarding the increase or decrease in the registered capital, the issuance of bonds or other securities and the listing of the Company;
- (6) drawing up Company plans concerning major acquisitions, the acquisition of Company stocks or merger/consolidation, spin-off, dissolution and alteration in

corporate form;

- (7) within the scope of authorization granted by the shareholders' meeting, deciding on such matters as external investment, acquisition and sale of assets, mortgage of assets, external guarantee, entrusted management of wealth, affiliated transactions and external donations;
- (8) deciding on the establishment of the internal management organizations of the Company;
- (9) deciding on such matters as appointing or dismissing President & Chief Executive Officer and the secretary of the board of directors of the Company, as well as their remuneration and reward/punishment; according to nominations by President & Chief Executive Officer, deciding on appointing or dismissing senior executives including Chief Financial Officer, and deciding on the remuneration, reward and punishment particulars of the preceding persons;
- (10)formulating the basic management system of the Company;
- (11)formulating the plan for amendment to these Articles of Association;
- (12)managing the information disclosure of the Company;
- (13)proposing to the shareholders' meeting the appointment or replacement of the accounting firm which renders audit service to the Company;
- (14)hearing the President and CEO's work report and examining the work of the President and CEO;
- (15)other functions and powers conferred by the laws, administrative regulations, regulations of ministries and commissions, these Articles of Association or the shareholders' meeting.

Article 112 The Board of Directors shall hear the opinions of the Party Committee of the Company before making decisions on the appointment and removal of important personnel and material business and management matters of the Company.

Article 113 The board of directors of the Company shall explain to the shareholders' meeting any non-standard audit opinions on the Company's financial statements issued by the certified public accountants.

Article 114 The board of directors shall set forth the procedural rules of the board of directors to ensure its implementation of the resolutions adopted by the

shareholders' meeting, and to improve the work efficiency and guarantee scientific decision making.

Article 115 The board of directors shall have powers regarding the transactions which meet one of the following criteria:

- (1) The total amount of assets involved in the transaction exceeds 20% of the latest audited total assets of the Company. If the assets involved in the transaction have book value and appraisal value concurrently, the higher value shall be used for calculation;
- (2) The net assets involved in the target of the transaction (i.e. equity transaction) exceed 20% of the latest audited net assets of the Company and the absolute amount is more than RMB 20 million. If the assets involved in the transaction have book value and appraisal value concurrently, the higher value shall be used for calculation;
- (3) The revenue of the target of the transaction (i.e. equity interests) in the latest year exceeds 20% of the latest audited revenue of the Company, and the absolute amount is more than RMB 20 million;
- (4) The net profit of the target of the transaction (i.e. equity interests) in the latest year exceeds 20% of the latest audited net profit of the Company, and the absolute amount is more than RMB 2 million;
- (5) The amount of the transaction (including indebtedness and expenses) exceeds 20% of the latest audited net assets of the Company, and the absolute amount is more than RMB 20 million;
- (6) The profit of the transaction exceeds 20% of the latest audited net profit of the Company, and the absolute amount is more than RMB 2 million;
- (7) External guarantee: any guarantee other than the guarantee stipulated under Article 47;
- (8) Affiliated transaction: the affiliated transaction between the Company and affiliated natural person exceeds RMB 300,000; the affiliated transaction between the Company and affiliated legal person (or other organizations) exceeds RMB 3 million and exceeds 0.5% of the latest audited net assets of the Company;
- (9) Securities investment: the total amount exceeds 10% of the latest audited net assets of the Company, and the absolute amount being more than RMB 10 million. Securities investment foresaid includes placement or subscription of new shares, securities repurchase, stock investment, bond investment, entrusted financial

management (including bank financial products, trust products) and other investment behavior identified by the Shenzhen Stock Exchange.

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

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

The board of directors shall establish strict reviewing and decision-making procedures; with regard to the major investment projects, the functional department of the Company or branch manager shall conduct feasibility analysis and demonstration, and the Company shall organize experts and professionals including lawyers and accountants, etc. to review and issue professional opinions from the financial and legal perspectives, and such projects shall be submitted to the shareholders meeting for discussion after review and approval by the board of directors and shall be executed after the shareholders meeting approved such transaction. The shareholders meeting shall have powers regarding transactions which meet one of the following criteria:

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

(2) The net assets involved in the target of the transaction (i.e. equity transaction) exceed 50% of the latest audited net assets of the Company and the absolute amount is more than RMB 50 million. If the assets involved in the transaction have book value and appraisal value concurrently, the higher value shall be used for calculation;

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

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

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

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

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

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

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

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

The term "transaction" as mentioned in this Article includes the following: (1) the purchase of assets; (2) the sale of assets; (3) external investment (including entrusted financial management, investment in subsidiaries, etc.); (4) providing financial support (including entrusted loans, etc.); (5) providing guarantee (including guarantee for controlled subsidiaries, etc.); (6) renting or leasing assets; (7) entrusting others or being entrusted for management of assets or business; (8) gifting assets or being gifted; (9) claims or debt restructuring; (10) transferring or acquiring by transfer research and development projects; (11) signing a license agreement; (12) waiver of rights (including without limitation waiver of preemptive rights or the privilege to subscribe for capital contributions); (13) other transactions identified by the Shenzhen Stock Exchange.

The abovementioned purchase or sale of assets exclude the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets related to daily operations, but the purchase and sale of such assets involved in the assets swap is still included.

The external donation shall comply with the External Donation Management Measures of ADAMA Ltd.

When the Company purchases or sells equity interests, it shall apply the provisions of this Article to the relevant financial indicators, calculated based on the proportion of changes in the equity interests held by the Company. If the transaction results in a change in the scope of the Company's consolidated financial statements, the provisions of this Article shall apply to the relevant financial indicators of the target

company corresponding to such equity interests.

Article 116 The external guarantee of the Company shall comply with the following rules:

- (1) the Company shall not provide guarantee to any entity that is not a legal person or an individual;
- (2) the Company shall not provide external guarantee without the approval of the board of directors or the shareholder's meeting;
- (3) the external guarantee which requires the approval of the board of directors shall be examined and approved by more than 1/2 of all the directors and 2/3 of the directors who attend the meeting, and the directors shall adopt resolutions on such guarantee;
- (4) If the Company provides an external guarantee to the controlling shareholder, actual controller and their associates, the counter-guarantee from the warrantee shall be required;
- (5) If the Company or its subsidiary provides an external guarantee to a controlled subsidiary not fully owned by the Company (directly or indirectly), the minority shareholder of the guaranteed subsidiary shall provide a corresponding guarantee based on its share percentage in the guaranteed subsidiary.

Article 117 The chairman of the board of directors has the following functions and powers:

- (1) presiding over the shareholders' meeting, and convening and presiding over the meeting of the board of directors;
- (2) supervising and inspecting for the execution of resolutions adopted by the board of directors;
- (3) signing important document of the board of directors;
- (4) execute special disposing right in accordance with the laws and the interest of the Company with regard to the business and affairs of the Company where the force majeure events including severe natural disasters, etc. happen, and report to the board of directors and shareholder's meeting afterwards; and
- (5) other power entrusted by the board of directors.

Article 118 Where the chairman of the board of directors is unable to or fails to

perform his duties, a director jointly elected by more than half of the directors shall perform his duties.

Article 119 The board of directors shall hold at least two meetings a year which shall be convened by the chairman of the board of directors. The board of directors shall notify all directors and President and CEO ten days in advance of the meeting.

Article 120 Shareholders representing more than 1/10 of the voting rights, the directors accounting for more than 1/3 of all the members of the board of directors, more than half of the independent directors, the audit committee or the President and CEO may propose to hold an interim meeting of the board of directors. The chairman of the board shall, within 10 days after the receipt of the proposal, convene and preside over the meeting of the board of directors. The Chairman of the board may propose to hold an interim meeting of the board of directors, at any time, if it deems necessary.

Article 121 The method of giving notice that the board of directors shall hold the interim meeting thereof: oral or written notice; time of the notice: 2 days before the meeting.

With the unanimous consent of all the directors, the convening of the interim board meeting may not be restricted by the aforementioned notice time limit, provided that a record thereof shall be made in the minutes of the board of directors and signed by all participating directors.

Article 122 The notice on the meeting of the board of directors shall include the following:

- (1) meeting date and place;
- (2) time limit of the meeting;
- (3) matters for discussion; and
- (4) issuing date of the notice.

Article 123 The meeting of the board of directors may not be held unless it is attended by more than half of all the directors. Any resolution made by the board of directors shall require the approval of more than half of all the directors.

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

Article 124 Where directors have affiliated relationship with the enterprises or individuals mentioned in any resolution made by the board of directors, the director

shall promptly submit a written report to the board of directors. The affiliated directors shall neither vote on the said resolutions nor act as proxies for other directors to exercise their voting right upon the said resolutions. Such meetings of the board of directors may not be held unless attended by more than half of all the non-affiliated directors, and resolutions adopted at such meeting shall be passed by more than half of all the non-affiliated directors. Where the number of the non-affiliated directors attending the meeting of the board of directors is less than three, the matters shall be submitted to the shareholders' meeting for examination and deliberation.

Article 125 Voting method at the meeting of the board of directors: disclosed vote.

The meeting of the board of directors, on the precondition of ensuring the full expression by directors of their opinions, may adopt resolutions by electronic communication methods such as video conferences, telephone conferences, emails or written resolution. All the attending directors shall sign the resolutions.

Article 126 The meeting of the board of directors shall require the attendance of the directors in person; where the directors are with good reason unable to attend the meeting, they may in writing entrust other directors to do so. The written power of attorney shall indicate the name of each proxy, entrusted matters, scope of authorization and validity, and shall be signed by or marked with the seal of each principal, but independent director shall not be entrusted by non-independent director, non-independent director shall also not be entrusted by independent director.

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

Article 127 The board of directors shall prepare minutes of its meeting in respect to matters to be examined and deliberated at such meeting, and the attending directors shall sign such minutes.

The minutes of the meeting of the board of directors shall be kept on file at the Company for a period of no less than 10 years.

Article 128 The minutes of the meeting of the board of directors shall include the following:

- (1) date, place of meeting and name of the convener and presider;
- (2) names of the attending directors and of the directors (proxies thereof) who are

entrusted by others to attend the meeting;

(3) meeting agenda;

(4) main points of speeches by directors; and

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

Section 3 Independent Directors

Article 129 Independent directors shall perform their duties seriously pursuant to the provisions of laws, administrative regulations, the CSRC, the Stock Exchanges and the Articles of Association, play a role of participation in decision-making, supervision and checks and balances and professional consultancy in the board of directors, safeguard the Company's overall interests and protect the legitimate rights and interests of minority shareholders.

The Company should establish the independent director policy. The independent director policy should comply with laws, administrative regulations, the provisions of the CSRC, and the business rules of the Shenzhen Stock Exchange. The independent director policy should be drafted by the board of directors and approved by the shareholders' meeting. The Company should provide necessary guarantees for independent directors to perform their duties in accordance with the law.

Article 130 Independent directors shall maintain their independence. The following persons shall not be appointed as independent directors:

(1) persons who hold posts in the Company or its affiliates and their spouses, parents, children and main social relations;

(2) natural person shareholders who hold 1% or more of the Company's issued shares directly or indirectly or who rank in the top 10 shareholders of the Company and their spouses, parents and children;

(3) persons who hold posts in shareholders that hold 5% or more of the Company's issued shares directly or indirectly or that rank in the top five shareholders of the Company and their spouses, parents and children;

(4) persons who hold posts in affiliates of the Company's controlling shareholder or actual controller and their spouses, parents and children;

(5) persons who have significant business dealings with the Company and its controlling shareholder, actual controller or their respective affiliates, or persons who hold positions in organisations which have significant business dealings with the Company and its controlling shareholder or actual controller;

(6) persons who provide financial, legal, advisory, sponsorship services etc. to the Company and its controlling shareholder, actual controller or their respective affiliates, including but not limited to all members of engagement team of an intermediary providing services, all levels of reviewers, persons signing the report, partners, directors, senior executives and principals;

(7) persons who fell under the circumstances of item (1) to item (6) during the past 12 months; or

(8) any other non-independent personnel stipulated by laws, administrative regulations, the provisions of the CSRC, business rules of the Stock Exchanges and the Articles of Association.

Affiliates of the Company's controlling shareholder or actual controller referred to in item (4) to item (6) of the preceding paragraph shall exclude enterprises which are controlled by the same State-owned assets management agency as the Company and are not related to the Company pursuant to the relevant provisions.

Independent directors shall conduct annual self-examination of independence and submit the self-examination findings to the board of directors. The board of directors shall evaluate the independence of incumbent independent directors annually, issue a specific opinion and disclose the same simultaneously with the annual report.

Article 131 A person appointed as an independent director of the Company shall satisfy the following criteria:

(1) possessing the qualifications to act as an independent director of a listed company pursuant to laws, administrative regulations and other relevant provisions;

(2) satisfying the independence requirements stipulated in the Articles of Association;

(3) possessing basic knowledge of operation of listed companies and being familiar with the relevant laws, regulations and rules;

(4) having five or more years of work experience in legal, accounting or economics required for performance of the duties of independent director;

(5) having good moral character, without bad records of significant dishonest conduct; and

(6) any other criteria stipulated by laws, administrative regulations, the provisions of the CSRC, business rules of the Stock Exchanges and the Articles of Association.

Article 132 Independent directors shall, as members of the board of directors, bear the obligations of loyalty and diligence towards the Company and all its shareholders and perform the following duties prudently:

(1) participating in decision-making by the board of directors and issuing specific opinions on the deliberated matters;

(2) supervising the potential significant conflict of interests between the Company and its controlling shareholders, actual controllers, directors, senior executives, and protecting the legitimate rights and interests of minority shareholders;

(3) providing professional and objective suggestions on the Company's business development, and promoting the improvement of the decision-making level of the board of directors; and

(4) any other duties stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

Article 133 Independent directors shall exercise the following special powers:

(1) independently engaging intermediaries to carry out audit, advisory or verification of the Company's specific matters;

(2) proposing to the board of directors on convening of an interim shareholders' meeting;

(3) proposing to convene a board meeting;

(4) openly soliciting shareholder's rights from shareholders pursuant to the law;

(5) issuing independent opinions on matters which may harm the rights and interests of the Company or minority shareholders; and

(6) any other powers stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

An independent director exercising the powers stipulated in item (1) to item (3) of the preceding paragraph shall obtain the consent of more than half of all the independent directors.

Where an independent director exercises the powers stipulated in the first paragraph, the Company shall promptly make disclosure. Where the powers are unable to be exercised, the Company shall disclose the specific circumstances and reason.

Article 134 The following matters shall, upon consent by more than half of all the independent directors of the Company, be submitted to the board of directors for deliberation:

- (1) related-party transactions which shall be disclosed;
- (2) plan for change or waiver of undertaking by the Company and the relevant parties;
- (3) decisions made and measures adopted by the board of directors of the target listed company in respect of the acquisition; and
- (4) any other matters stipulated by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

Article 135 The Company shall establish a mechanism for specialized meetings attended solely by independent directors. Where the board of directors deliberates on related-party transactions etc., the approval shall be obtained at a specialized meeting of independent directors.

The Company shall hold specialized meetings of independent directors on a regular or ad hoc basis. The matters stipulated in item (1) to item (3) of the first paragraph of Article 133, and Article 134 of the Articles of Association shall be deliberated by a specialized meeting of the independent directors.

A specialized meeting of independent directors may study and discuss other matters of the Company where necessary.

A specialized meeting of independent directors shall be convened and chaired by an independent director jointly elected by more than half of independent directors; where the convener does not or is unable to perform his duties, two or more independent directors may convene a meeting and elect a representative to chair the meeting.

Minutes shall be prepared for specialized meeting of independent directors pursuant to the provisions, stating the opinions of the independent directors. The independent directors shall sign on the minutes for confirmation.

The Company shall provide convenience and support for holding of specialized meetings of independent directors.

Section 4 Specialized Committees under Board of Directors

Article 136 The board of directors of the Company shall establish an audit committee to exercise the official powers of the board of supervisors stipulated by the Company Law.

Article 137 The members of the audit committee shall comprise four directors who are not senior executives of the Company, among them there are three independent directors, and an accounting professional among the independent directors shall act as the convener.

Article 138 The audit committee shall be responsible for review of the Company's financial information and disclosure thereof, supervision and evaluation of internal and external audit and internal control. The following matters shall, upon consent by more than half of all the members of the audit committee, be submitted to the board meeting for deliberation:

- (1) disclosure of financial information in financial accounting reports and periodic reports, internal control evaluation report;
- (2) appointment or dismissal of accounting firm which undertakes audit engagement of a listed company;
- (3) appointment or dismissal of financial controller of a listed company;
- (4) change in accounting policies or accounting estimates or correction of material accounting error for a reason other than change in accounting standards; and
- (5) any other matters stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

Article 139 The audit committee shall hold at least one meeting each quarter. Upon proposal by two or more members, or where the convener deems necessary, an extraordinary meeting may be convened. The meeting of an audit committee shall be held after two-thirds or more of the members are present.

Resolutions of the audit committee shall be passed by more than half of the audit committee members.

Each member shall have one vote for voting on resolutions of the audit committee.

Minutes of meeting shall be prepared for resolutions of the audit committee pursuant to the provisions and the audit committee members present at the meeting shall sign on the minutes.

The working procedures of the audit committee shall be formulated by the board of directors.

Article 140 The board of directors of the Company shall establish nomination committee, remuneration and assessment committee and other specialized committees to perform duties pursuant to the Articles of Association and the authorization of the board of directors. Proposals of specialized committees shall be submitted to the board of directors for deliberation and decision. The working procedures of specialized committees shall be formulated by the board of directors.

All members of the nomination committee and the remuneration and assessment committee shall be composed of directors. Among them, the number of independent directors shall be more than half, and an independent director shall serve as the convener.

Article 141 The nomination committee shall be responsible for formulation of selection criteria and procedures for directors and senior executives, conduct selection and examination of candidates for directors and senior executives and their appointment qualifications and make recommendations to the board of directors on the following matters:

- (1) nomination or appointment and removal of directors;
- (2) appointment or dismissal of senior executives; and
- (3) any other matters stipulated by laws, administrative regulations, the rules of CSRC and the Articles of Association.

Where the board of directors does not adopt or does not fully adopt the recommendation of the nomination committee, it shall record in a board resolution the opinions of the nomination committee and the specific reason for non-adoption and disclose the same.

Article 142 The remuneration and assessment committee shall be responsible for formulation of appraisal standards and performance appraisal for directors and senior executives, formulate and examine remuneration decision mechanism, decision-making procedures, payment and stop-payment recourse arrangements and other remuneration policies and schemes for directors and senior executives and make recommendations to the board of directors on the following matters:

- (1) remuneration of directors and senior executives;
- (2) formulation or change of share option incentive plan or employee stock ownership plan; achievement of grant of share options to and exercise of share options by

participants of share option incentive scheme;

(3) arrangement of shareholding plan for the subsidiary proposed to be split by the directors and senior executives; and

(4) any other matters stipulated by laws, administrative regulations, the rules of CSRC and the Articles of Association.

Where the board of directors does not adopt or does not fully adopt the recommendation of the remuneration and assessment committee, it shall record in a board resolution the opinions of the remuneration and assessment committee and the specific reason for non-adoption and disclose the same.

Chapter 6 Party Committee

Article 143 The Company shall establish the Party Committee. The Party Committee shall have one Secretary, one Vice Secretary and several committee members. The Chairman of the Board of Directors and the Secretary of the Party Committee shall be the same person in principle, there shall be a full-time Vice Secretary in charge of the Party work of the Company (if needed). The qualified member of the Party Committee may act a member of the Board of Directors and Management though legal procedure, and the qualified Party member of the Board of Directors and Management may act as a member of the Party committee according to relevant rules and procedures, Further, a Discipline Inspection Committee shall be established.

Article 144 The Party Committee of the Company shall perform its duty according to the Charter of the CPC and the Work Regulations of the CPC, Regulation on the work at primary-level Party organizations of State-owned enterprises (for Trial Implementation) and other Party regulations.

- (1) Ensure and supervise the implementation of the policies of the Party and Nation at the Company, implement the strategic decision of the CPC Central Committee, the State Council, and the work arrangement of the Party Committee of the State-owned Assets Supervision and Administration Commission (“SASAC”), and the higher Party organization.
- (2) Insist the principle that the Party shall manage the officers, and that the Board of Directors shall have the right to select the managers according to the law, and that the managers shall have the right to select employees according to the law to be integrated. The Party Committee shall consider the candidates nominated by the Board of Directors or President and CEO and raise opinions, or recommend candidates to the Board of Directors or President and CEO. The Party Committee

shall examine the candidates with the Board of Directors and raise opinions after collective examination.

- (3) Research and discuss the stability of development and reform, material management issue, employee benefits of the Company, and raises opinions and recommendations.
- (4) Undertake the main responsibility of implementing the principle of “Strict Management of the Party”. Take the lead of the ideological and political work of the Company, the United Front work, the construction of spiritual civilization, the construction of company culture and work of the Union, the Communist Youth League and other organizations. Lead construction of a clean Party and government, and support the work of Discipline Inspection to perform the duty of oversight.

Article 145 The funds for the work of Party organization shall be included in the budget of the Company and be disbursed from the management cost of the Company.

Chapter 7 Senior Executives

Article 146 The Company has one President and CEO who is subject to appointment or dismissal by the board of directors.

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

The President and CEO, Chief Financial Officer and the secretary of board of directors shall be the senior executives of the Company.

Article 147 Circumstances concerning the disqualification of directors and the departure management system as prescribed in these Articles of Association are also applicable to the senior executives. Provisions concerning the duty of loyalty and duty of care of directors as prescribed in these Articles of Association are also applicable to the senior executives.

Article 148 Those persons take administrative posts, except for directors and supervisors, in the units of the controlling shareholders of the Company, shall not serve as senior executives of the Company.

The Company's senior executives are paid only by the Company (and/or its subsidiaries) and are not paid by the controlling shareholder on behalf of the Company.

Article 149 The term of office of President and CEO shall be three years, and President and CEO may be reappointed and reelected.

Article 150 The President and CEO shall be responsible to the board of directors, and exercise the following functions and powers:

- (1) presiding over the production, operation and management of the Company and its subsidiaries, organizing the implementation of the resolutions adopted by the board of directors and reporting work to the board of directors;
- (2) organizing the implementation of annual business plans, debt and investments plan of the Company;
- (3) drafting plans for establishment of the Company's internal management organizations;
- (4) signing documents which shall be signed by the legal representative of the Company and executing the functions and powers of the legal representative;
- (5) drafting the basic management system of the Company;
- (6) formulating the specific rules and regulations of the Company;
- (7) proposing for the board of directors to appoint or dismiss the Chief Financial Officer of the Company;
- (8) deciding on the appointment or dismissal of other management personnel other than those who shall be appointed or dismissed by the board of directors;
- (9) deciding on the senior executives dispatched by the Company to the controlled subsidiaries and non-controlled subsidiaries of the Company;
- (10) proposing for convening an interim meeting of the board of directors;
- (11) advancing proposals to meeting of the board of directors;
- (12) approving transactions of the Company that do not meet the criteria for submission to the board of directors for approval as set out in Article 115 of these Articles of Association; and
- (13) other functions and powers conferred by these Articles of Association or the board of directors.

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

Article 151 The work particulars applicable to the President and CEO shall be prepared by the President and CEO and may not be implemented unless approved by the board of directors.

Article 152 The work particulars applicable to the President and CEO shall include:

- (1) conditions, procedures for holding the meeting of the President and CEO and the people attending such meeting;
- (2) respective duties and functions and powers of the President and CEO ;
- (3) powers delegated by the board of directors to the President and CEO and the way to convene the President and CEO meeting ; and
- (4) other matters deemed necessary by the board of directors.

Article 153 The President and CEO may resign prior to the expiry of his term of office. The specific procedures and measures for such resignation shall be set forth in the labor contract between the President and CEO and the Company.

Article 154 Chief Financial Officer shall assist the President and CEO in his work.

Article 155 The Company shall have a secretary of the board of directors who shall be responsible for preparing the shareholders' meeting and the meeting of the board of directors, keeping documents, conducting management of information regarding shareholders of the Company and dealing with information disclosure matters, etc. The secretary of the board of directors shall abide by the related provisions of the laws, administrative regulations, regulations of ministries and commissions and these Articles of Association.

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

Article 156 Where the senior executives performs their duties in the Company, causing harm to others, the Company shall be liable for compensation. If the senior executives have been intentional or have gross negligence, they shall also be responsible for compensation.

Where the senior executives violate laws, administrative regulations, regulations of ministries and commissions or these Articles of Association when performing their duties, thus causing losses to the Company, they shall be liable for compensation according and subject to any applicable laws and regulations.

Article 157 The senior executives of the Company shall faithfully perform their duties and act in the best interests of the Company and all shareholders. Where any senior executive fails to perform his/her duties faithfully or breaches his/her obligation of good faith, and thereby causes damage to the Company's interests or the shareholders of public shares, he/she shall be liable for compensation according and subject to any applicable law.

Chapter 8 Financial and Accounting Systems, Profit Distribution and Auditing

Section 1 Financial and Accounting Systems

Article 158 The Company shall formulate its financial and accounting systems in accordance with the laws, administrative regulations and the provisions of relevant State authorities.

Article 159 The Company shall submit and disclose its annual report to the local agency of the CSRC and the stock exchange concerned within four months after the end of each fiscal year, and submit and disclose an interim report to the local agency of the CSRC and the stock exchange concerned within two months after the end of the first half of each fiscal year.

The aforesaid annual and interim reports shall be prepared according to the relevant laws, administrative regulations, provisions of the CSRC and the stock exchange concerned.

Article 160 The Company shall not establish any other accounting books except for the statutory ones. No funds of the Company shall be deposited in any account opened in the name of any individual.

Article 161 When distributing each year's after-tax profits, the Company shall withdraw 10% of its after-tax profits for the Company's statutory common reserve fund. When the aggregate balance in the statutory common reserve fund is 50% or more of the registered capital of the Company, it is not necessary to withdraw any profits.

When the Company's statutory common reserve fund is not sufficient to make up for

the Company's losses of the previous year, profits of the current year shall be used to make up for the losses before allocations are made for the statutory common reserve fund in accordance with the previous paragraph.

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

After the Company has made up its losses and made allocations to its common reserve fund, the remaining after-tax profits shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise specified by these Articles of Association.

If the shareholders' meeting violates the Company Law by distributing profits to shareholders, the shareholders shall return the distributed profits to the Company. If losses are caused to the Company, the shareholders and the responsible directors and senior executives shall be liable for compensation.

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

Article 162 The common reserve fund of the Company is used to make up its losses, expand its production and operations or for conversion into additional registered capital of the Company.

For making up losses of the Company by the reserve fund, the common reserve fund and statutory common reserve fund shall first be used; where there is still no way to make up losses, the capital reserve fund may be used pursuant to the provisions.

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

Article 163 After the shareholders' meeting has adopted the resolution on the plan for distribution of the Company's profits, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months from the date of the shareholders' meeting.

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

The required Hong Kong dollars regarding the dividends or other payment distributed

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

Article 164 The Policy and Decision-making Process of Distributing Profits of the Company

(I) General principles of distributing profits of the Company

1. The Company shall fully consider the return to investors and distribute the profits of shares to the shareholders according to the proportion of the profit available for distribution as set forth in the consolidated statements of the current year.
2. The Company shall implement a continuous and stable profit distribution policy, taking into account the long-term interests of the Company, the overall interests of all shareholders and the sustainable development of the Company;
3. Where a shareholder occupied the Company's funds in violation of rules, when the Company distributes profits, those funds occupied by the shareholder shall be deducted from cash dividends supposed to be allocated to him.

(II) The interval of distribution of profits

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

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

1. The form of distribution of profits: the Company may use cash, shares or cash and shares in combination, or other ways permitted by laws and regulations to distribute profits.
2. The conditions and proportion of distributing cash dividends of the Company:

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

The standard of the abovementioned significant investment plans or major cash

disbursements shall be construed with relevant provisions as required by the Listing Rules of Shenzhen Stock Exchange.

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

3. The conditions of distributing stock dividends of the Company

Where the Company well operates and the board of directors believes that the issuance of stock dividends is beneficial to the overall interests of all shareholders of the Company, the board of directors may, in the case of satisfying the conditions of abovementioned cash dividends, propose a stock distribution plan for dividend of the Company.

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

1. The board of directors shall, according to the situation of profitability, the supply and demand of funds, propose a plan for the distribution of profits, and discuss the reasonableness of such plan, and submit to the specialized meeting of the independent directors for deliberation. Independent directors who believe that the profit distribution plan may harm the interests of the Company or minority shareholders shall have the right to express independent opinions. The profit distribution plan shall be submitted to the audit committee and the board of directors for examination, deliberation and approval, and after approved by the audit committee and the board of directors, the plan shall be submitted to the shareholders' meeting for examination and deliberation.

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

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

2. Where the Company is profitable and accumulated undistributed profit of the Company of the current year is positive, but fails to propose a cash profit distribution plan, the board of directors should make special clarifications as to the

specific reasons for not distributing cash profit, the specific use of the retained earnings of the Company and expected return on such investment, etc., which shall be submitted to the shareholder's meeting for examination and deliberation after opined on by the independent directors.

(V) Adjustment of profit distribution policy

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

Section 2 Internal Audit

Article 165 The Company shall implement the internal auditing system, specifying leadership system, duties and limit of authority, staffing, budget assurance, application of audit findings and accountability etc. for internal audit work.

The internal auditing system of the Company shall be implemented upon approval by the board of directors and disclosed to the public.

Article 166 The internal auditing department of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information etc.

Article 167 The internal auditing department shall be responsible to the board of directors.

The internal auditing department shall, in the course of supervision and inspection of the Company's business activities, risk management, internal control, financial information, accept supervision and guidance of the audit committee. Upon discovery of the relevant significant issues or clues, the internal auditing department shall forthwith report directly to the audit committee.

Article 168 The internal auditing department shall be responsible for organizing implementation of the Company's internal control assessment. The Company shall issue an annual internal control assessment report based on the assessment report

issued by the internal auditing department and deliberated by the audit committee and the relevant materials.

Article 169 When the audit committee communicates with the external audit organisations such as accounting firms and State audit organisations etc., the internal auditing department shall cooperate actively and provide the requisite support and cooperation.

Article 170 The audit committee shall participate in appraisal of head of internal audit.

Section 3 Appointment of Accounting Firms

Article 171 Accounting firms that conforms to the provisions of the Securities Law shall be engaged by the Company to render such services as the auditing of accounting statements, verification of net assets and other relevant consulting matters. The appointment of accounting firms will be valid for one year and may be renewed.

Article 172 The appointment or dismissal of accounting firms by the Company shall be decided by the shareholders' meeting, and the board of directors shall not appoint the accounting firm before the resolution is adopted by the shareholders' meeting.

Article 173 The Company shall ensure to provide the engaged accounting firm with authentic and complete accounting evidence, accounting books, financial and accounting reports and other accounting materials, and shall not refuse to provide, conceal or falsely report them.

Article 174 The auditing fee for the accounting firm shall be decided by the shareholders' meeting.

Article 175 Where the Company dismisses or does not renew the mandate of the accounting firm, it shall inform the accounting firm 30 days in advance to such effect. Where the shareholders' meeting votes on the dismissal of the accounting firm, the accounting firm shall be permitted to state its opinions.

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

Chapter 9 Notices and Announcements

Section 1 Notice

Article 176 Any notice of the Company shall be sent out by the following means:

- (1) personal delivery;
- (2) mail;
- (3) e-mail or fax;
- (4) announcement;
- (5) any other means prescribed in these Articles of Association.

Article 177 Where the notice of the Company is sent out by the means of announcement, upon the said announcement the notice shall be deemed to have been effectively served to all parties concerned.

Article 178 The notice of the shareholders' meeting held by the Company shall be sent out by means of announcement.

Article 179 The notice of the meeting of the board of directors shall be sent out by means of personal delivery, mail, e-mail or fax, except as provided otherwise in this Article.

Article 180 Where the notice is sent out by personal delivery, it shall be deemed effectively served on the day when the receiver signs (seals) the return receipt; where by mail, on the fifth working days after being turned over to the post office; where by means of email and fax and there are evidence proving such sending out, on the day of sending out; where by means of announcement, on the day of the first public announcement.

Article 181 Where the meeting notice is not sent to the person entitled to receive the same due to any accidental omission or where no meeting notice is received by such person, the validity of the meeting and of any resolution adopted at the meeting shall not be thus invalid.

Section 2 Announcement

Article 182 The Company designates China Securities Journal and Securities Times as the Chinese newspaper for release of Company's announcement and disclosure of other information; The Company designates <http://www.cninfo.com.cn> as the website for the publication of Company's announcement and disclosure of other information.

Chapter 10 Merger/Consolidation, Spin-off, Capital Increase, Capital Reduction,

Dissolution and Liquidation

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

Article 183 Company mergers/consolidations may be classified into mergers or consolidations.

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

Article 184 Where the consideration paid for the merger/consolidation does not exceed 10% of the Company's net assets, a resolution of a shareholders' meeting may be waived, unless otherwise stipulated in the Articles of Association.

Where a shareholders' meeting is not required for a merger/consolidation pursuant to the provisions of the preceding paragraph, a resolution of a board of directors shall be passed.

Article 185 The merger/consolidation of companies shall require a merger/consolidation contract signed by all the merger/consolidation parties and the balance sheet and inventory of properties shall be prepared. The Company shall within 10 days from the date of the merger/consolidation resolution is made, notify its creditors and make the announcement in relevant medias or the National Enterprise Credit Information Publicity System within 30 days. The creditors may, within 30 days from the date of the receipt of the said notice or if receiving no notice within 45 days from the date of the said announcement, ask the Company to discharge the

Company's debts or provide the relevant guarantees.

Article 186 Upon the merger/consolidation of the Company, the credit and debts of all the relevant merger/consolidation parties shall be succeeded by the Company surviving the said merger/consolidation or the newly-established Company.

Article 187 In the case of the spin-off of the Company, its assets shall be divided correspondingly.

In the case of the spin-off of the Company, the balance sheet and the inventory of properties shall be prepared. The Company shall inform its creditors within 10 days from the date of division resolution, and make an announcement in relevant medias or the National Enterprise Credit Information Publicity System within 30 days.

Article 188 For the debts of the Company prior to the said spin-off, the Company existing thereafter shall bear the joint and several liabilities, unless otherwise specified in the written agreement which is concluded before the said spin-off by the Company with its creditors on the discharge of the Company's debts.

Article 189 Where the Company needs to reduce its registered capital, it shall prepare the balance sheet and the inventory of properties.

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

The Company proposing to reduce its registered capital shall reduce the capital contribution amount or shares correspondingly in accordance with the shareholding percentage of the shareholders, unless otherwise stipulated by the laws or in the Articles of Association.

Article 190 Where there are still losses following making up of losses pursuant to the provisions of the second paragraph of Article 162, the Company may reduce its registered capital to make up the losses. Where the Company reduces its registered capital to make up the losses, it shall not make distribution to its shareholders and shall not waive the obligations of shareholders to make capital contribution or share capital.

The provisions of the second paragraph of Article 189 shall not apply to reduction of registered capital pursuant to the provisions of the preceding paragraph, but an

announcement shall be made in relevant media or the National Enterprise Credit Information Publicity System within 30 days from passing of the resolution on reduction of registered capital by the shareholders' meeting.

After the Company has reduced its registered capital pursuant to the provisions of the preceding two paragraphs, no profit shall be distributed before the accumulated amount of the statutory common reserve fund and the common reserve fund accounts for 50% of the Company's registered capital.

Article 191 Where the registered capital is reduced in violation of the Company Law or other relevant provisions, shareholders shall refund the capital received thereby; where the shareholders' capital contributions are exempted or reduced, the original status shall be restored; where the Company suffers any loss, the shareholders and the responsible directors and senior executives shall bear the liability for compensation.

Article 192 When the Company issues new shares to increase its registered capital, its shareholders do not enjoy the pre-emptive right, unless otherwise specified in the Articles of Association or decided by the resolution of a shareholders' meeting that the shareholders enjoy the pre-emptive right.

Article 193 Where the Company undertakes merger/consolidation or spin-off thus altering its registration items, it shall handle according to the law the formalities of alteration of its registration with the Company registration authority; where the Company is dissolved, it shall cancel its registration legally; where a new Company is established, it shall deal with Company establishment registration formalities in accordance with the law.

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

Section 2 Dissolution and Liquidation

Article 194 The Company may be dissolved due to any of the followings reasons:

- (1) pursuant to these Articles of Association, the operational period of the Company has expired or one of the other events which are grounds for dissolution has occurred;
- (2) resolution of dissolution made by the shareholders' meeting;

- (3) dissolution is necessary due to the merger/consolidation or spin-off of the Company;
- (4) business license is revoked, canceled or it is ordered to close down, according to the law; or
- (5) if the Company has great difficulties in business operation and management and its continuation may incur significant losses to the shareholders, which cannot be solved by other means, then the shareholders holding more than 10% of the voting shares of the Company may request to the people's court for dissolution of the Company.

Upon occurrence of an event which triggers dissolution as stipulated in the preceding paragraph, an announcement shall be made through the National Enterprise Credit Information Publicity System within 10 days.

Article 195 The Company may survive by amending its Articles of Association or passing a resolution by the shareholders' meeting in the case of the circumstance mentioned in Item (1) and (2) of Article 194.

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

Where the Company is dissolved in accordance with the provisions in Items (1) , (2), (4), and (5) of Article 194 hereof, it shall undergo liquidation. As the liquidation obligors of the Company, directors shall form a liquidation team to carry out liquidation within 15 days from occurrence of the event which triggers dissolution.

The liquidation team shall comprise directors, unless otherwise provided in the Articles of Association or as resolved by a shareholders' meeting to elect others.

Where the liquidation obligors fail to perform liquidation obligations promptly and cause the Company or its creditors to suffer losses, they shall be liable for compensation.

Article 196 The liquidation group shall discharge the follows duties during its liquidation:

- (1) liquidating the Company's assets, and respectively preparing the balance sheet and the inventory of assets;
- (2) notifying and making an announcement to the creditors;

- (3) transacting the unfinished businesses of the Company in connection with the liquidating;
- (4) making full payment of taxes owed and taxes imposed during the process of liquidation;
- (5) clearing the creditor's claims and debt;
- (6) distributing the residual properties after the Company has discharged its debts;
and
- (7) representing the Company in any civil litigations.

Article 197 The liquidation group shall notify the creditors within 10 days from the date of its establishment and make the announcement within 60 days in newspaper appointed by the CSRC or the National Enterprise Credit Information Publicity System. The creditors shall, within 30 days from the date of the receipt of the said notice, or if failing to receive such notice, within 45 days from the date of the said announcement, declare their creditors' rights to the liquidation group.

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

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

Article 198 The liquidation group shall, after having liquidated the Company' assets and prepared the balance sheet and the inventory of properties, formulate the liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

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

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

Article 199 Where after liquidating the Company's properties and preparing the

balance sheet and the inventory of properties, the liquidation group discovers that the Company's properties are insufficient to repay the Company's debts, it shall apply for bankruptcy liquidation to the people's court.

Upon acceptance of a bankruptcy application by a people's court, the liquidation team shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Article 200 After the completion of the liquidation, the liquidation group shall devise a liquidation report and submit it to the shareholders' meeting or the people's court for confirmation and also to the Company registration authority for cancellation of the Company's registration.

Article 201 Members of the liquidation team shall perform liquidation duties and bear the obligations of loyalty and diligence.

Where the liquidation team members are negligent in performance of liquidation duties and cause the Company to suffer losses, they shall be liable for compensation; where they cause losses to creditors due to intentional misconduct or gross negligence, they shall be liable for compensation.

Article 202 Where the Company is lawfully declared bankrupt, it shall carry out bankruptcy liquidation in accordance with laws concerning the bankruptcy of enterprises.

Chapter 11 Amendments to the Articles of Association

Article 203 The Company shall amend these Articles of Association in any of the following circumstances:

- (1) after the Company Law or other relevant laws or administrative regulations are amended, the matters specified under these Articles of Association are in conflict with the provisions of the laws, or administrative regulations as amended;
- (2) any change occurs in the Company and it is thus not in conformity with the matters recorded in the Company's Articles of Association; or
- (3) any amendment to the Articles of Association of the Company is decided by the shareholders' meeting.

Article 204 Where any amendment to the Articles of Association of the Company as passed by resolution of the shareholders' meeting requires the examination and approval of the competent authority, such amendment shall be

submitted to the competent authority for approval; where registration matters are involved, the formalities of amending registration shall be handled according to the law.

Article 205 The board of directors shall amend these Articles of Association in accordance with the resolutions adopted by the shareholders' meeting on amendment to the Company's Articles of Association and pursuant to the approval opinions of the competent authority.

Article 206 Where any amendment to these Articles of Association is related to information required by laws and regulations to be disclosed, such amendment shall be announced in accordance with the relevant provisions.

Chapter 12 Supplementary Provisions

Article 207 Definitions

- (1) The "controlling shareholders" shall refer to the shareholders whose holdings of shares account for more than 50% of the total shares in the Company; or shareholders who does not hold more than 50% of the total shares in the Company but whose shares can represent such voting rights as sufficient to greatly affect the resolutions made by the shareholders' meeting.
- (2) The "actual controllers" shall refer to the natural persons, legal persons or any other organisations, who are able to actually control the acts of the Company through investment relationship, according to agreement or by any other arrangement.
- (3) The "affiliated relationship" shall refer to the relationship between the Company's controlling shareholders, actual controllers, directors, senior executives, and enterprises directly or indirectly under their control, as well as any other relationship which may cause transfer of the Company's interests. However, the relationship between State-controlled enterprises is not an affiliated relationship due to the fact that such enterprises are under the common control of the State.

Article 208 The board of directors may, in accordance with its Articles of Association, formulate detailed rules for implementation of these Articles of Association which shall not go against the provisions thereof.

Article 209 These Articles of Association shall be written in Chinese. Where a version in any other language or a different version is in conflict with these Articles of Association, the most recently approved Chinese version as registered with Jingzhou Municipal Administration for Market Regulation shall prevail.

Article 210 Such terms as "no less than", "within" and "no more than" used in these Articles of Association shall include the given figures; such terms as "exceeding", "beyond", "less than" and "more than" used in these Articles of Association shall exclude the given figures.

Article 211 These Articles of Association shall be interpreted by the board of directors of the Company.

Article 212 Any appendix to these Articles of Association shall include the procedural rules of the shareholders' meeting and the meeting of the board of directors.

Article 213 These Articles of Association shall come into effect on the date of resolution of shareholder's meeting thereof.

ADAMA Ltd.