

Important Note: The following is an English translation of the Chinese version of the Articles of Association of Bluestar Adisseo Company.

In case of any discrepancies or inconsistencies between the Chinese and English versions, the Chinese version shall always prevail.

Bluestar Adisseo Company

Articles of Association

(2018)

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Chapter 1 General Provisions

- Article 1 To protect the legitimate rights and interests of Bluestar Adisseo Company (the “**Company**”), its shareholders and creditors as well as to standardize the organization and activities of the Company, the Company has formulated this Articles of Association in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China and other related provisions.
- Article 2 The Company shall be a company limited by shares (“the **Company**”) established pursuant to the Company Law and other related regulations.
The Company was established by sponsorship as approved by the State Economic and Trade Commission, and registered with Beijing Municipal Administration of Industry and Commerce and obtained a business license number 110000009801784.
- Article 3 As approved by the China Securities Regulatory Commission (the “**CSRC**”), the Company publically issued its initial RMB80 million ordinary shares on February 25, 2000, which were RMB-denominated shares issued by the Company to domestic investors. The Company was listed at Shanghai Stock Exchange (the “**Stock Exchange**”) on April 20, 2000.
- Article 4 Registered name of the company:
Chinese (in full): 蓝星安迪苏股份有限公司
English (in full): **Bluestar Adisseo Company**
- Article 5 The Company’s address is Beijing Haidian Garden Hotel, 30 East Huayuan Road, Haidian District, Beijing. Zip code: 100083.
- Article 6 The Company’s registered capital is RMB 522,707,560.
- Article 7 The Company is a Joint Stock Limited company with perpetual existence.
- Article 8 The general manager of the Company is the Company's legal representative.
- Article 9 The capital of the Company is divided into equal shares. The liability of the shareholders towards the Company is limited to their subscribed shares, and the liability of the Company towards the company's debts is limited to all the Company's assets.
- Article 10 From the date when the Articles of Association take effect, they constitute a legally binding document regulating the Company’s organization and activities and the rights and obligations between the Company and each shareholder and among the shareholders, and is binding on the Company and its shareholders, directors, supervisors and senior executives. In accordance with the Articles of Association, a shareholder may sue other shareholders, the Company’s directors, supervisors, general manager and other senior executives and even the Company. The Company may sue its shareholders, directors, supervisors, general manager and other senior executives.
- Article 11 The other senior executives mentioned herein indicate the Company’s deputy general manager, secretary to the Board of Directors, the chief financial officer and other officer(s) recognized by the Board of Directors.

- Article 12 According to the Constitution of the Communist Party of China, the Company sets up a Communist Party Organization (“Party Org.”) and it will play a political role to ensure the Company’s right decision on its whole situation.

Chapter 2 Business Purpose and Scope

- Article 13 The Company’s business purpose: in accordance with the relevant provisions of laws and regulations, to carry out various businesses, constantly improve operating management standard and core competitiveness, realize the maximization of shareholders’ interests and the Company’s value and create more economic and social benefits.
- Article 14 The Company’s business scope, as registered in accordance with related laws, covers: To provide the following services as engaged by the parent company and the domestic and overseas enterprises under its authorized supervision: investment strategy decision-making and business management; capital operation and financial management; research development and technology support; shared and outsourcing services; employee training and management; marketing and relevant consulting services; raw material purchase management, production scheduling and logistics distribution management, production, wholesale, import and export and commission agency service (except for auction) of products related to nutrition and animal or human health, any chemical, biochemical products, as well as online sales, after-sales services, maintenance, technology training and consulting services, transferring relevant technology, patent, know-how and permission, logistics transportation, warehouse service and any other auxiliary services (Projects subject to approval could be operated with upon department's approval).
The Company's business scope is subject to the governmental authority's approval.

Chapter 3 Shares

Section 1 Issuance of Shares

- Article 15 The shares of the Company are in the form of stocks.
- Article 16 The issuance of the Company shares is in line with the principles of transparency, fairness and equitableness, and each share of the same class shall rank *pari passu* with each other.
For the same class of shares issued in the same tranche and at the same time, each share shall be issued at the same price and subject to the same conditions. For shares subscribed by any organization or individual, the price payable for each share shall be the same.
- Article 17 All shares issued by the Company shall have a par value RMB -denominated..
- Article 18 The shares issued by the Company are placed in custody by Shanghai Branch of China Securities Depository and Clearing Co., Ltd. (the “CSDC”)

Article 19 The Company's sponsors are China Blue Star Chemical Cleaning Corporation, State-Run Changfeng Machinery Factory, Research Institute on Synthetic Material of the Ministry of Chemical Industry, Beijing Research and Design Institute of Rubber Industry of the Ministry of Chemical Industry and China Bluestar Lehigh Engineering Corporation. China Blue Star Chemical Cleaning Corporation made investment in kind, while the other sponsors made investment in cash. All sponsors invested in 1999.

Article 20 The Company has a total of 522,707,560 shares, which are all ordinary shares.

Article 21 The Company and its subsidiaries (including the Company's affiliated enterprises) do not provide any subsidy to any person who is acquiring or proposing to acquire the Company's shares in any form of financial assistance such as of gift, advance, guarantee, compensation or loan, etc.

Section 2 Increase/ Decrease and Repurchase of Shares

Article 22 The Company may, based on its operational and development needs and in accordance with the relevant provisions of laws and regulations, approve capital increase in the following manners upon respective resolutions at shareholders' general meeting:

- (1) By public offering of shares;
- (2) By private offering of shares;
- (3) By distribution of bonus shares to existing shareholders;
- (4) By converting the reserve fund into additional capital; or
- (5) By other means that is permitted by laws, administrative regulations and approved by CSRC.

Article 23 The Company may reduce its registered capital. In case of reducing registered capital, the Company shall proceed according to procedures as stipulated in the Company Law, other related regulations and the Articles of Association.

Article 24 The Company may, in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association, purchase the shares of the Company under the following circumstances:

- (1) Reducing the registered capital of the Company;
- (2) Merging with another company that holds shares in the Company;
- (3) Granting shares to employees of the Company as incentives; and
- (4) Acquiring shares held by shareholders (upon their request) who vote against any resolutions passed in shareholders' general meetings on the merger or division of the Company;

The Company shall not trade its shares except for under the abovementioned circumstances.

Article 25 The Company may repurchase its shares in one of the following manners:

- (1) Centralized bids trading at Stock Exchange;
- (2) Making an Offer; or
- (3) Other means approved by CSRC.

Article 26 In case the Company purchases its own shares for reasons stated in Items (1)-(3) of

Article 24 herein, the resolution on the purchase shall be passed at the shareholders' general meeting. After purchasing its shares in accordance with the regulations of Article 24, the Company shall cancel the shares purchased under the circumstance (1) in ten (10) days since the date of purchase, and shall transfer or cancel the shares purchased under circumstances (2) and (4) in 6 months.

The Company's shares purchased according to the regulations of Item (3) of Article 24 shall not exceed 5% of the total shares already issued by the Company. The funding for the repurchase shall be out of the after-tax profit of the Company, and the shares purchased shall be transferred to employees within one (1) year.

Section 3 Transfer of Shares

- Article 27 The Company shares may be transferred according to laws.
- Article 28 The Company shall not accept any stocks of the Company as the subject matter of pledge.
- Article 29 The Company shares held by sponsors may not be transferred within **one (1)** year from the date of the establishment of the Company. The Company shares issued prior to the Company's public issuance may not be transferred within **one (1)** year from the date the Company shares become listed and began trading at Stock Exchange.
- The directors, supervisors and senior executives of the Company shall declare to the Company the shares held by them and changes therein, and shall not transfer more than 25% of the total number of the Company shares held by them during their tenure per year. The Company shares held by them may not be transferred within **one (1)** year from the date the Company shares become listed and began trading at Stock Exchange. The aforesaid individual(s) may not transfer the shares of the Company they held within **six (6)** months commencing from the termination of their service.
- Article 30 Any proceeds from the sale of the Company shares by any directors, supervisors, senior executives or shareholders holding 5% or more of the Company shares within **six (6)** months after their purchase, and any gain from the repurchase of the Company shares sold by any of the aforesaid parties within **six (6)** months after their sale shall belong to the Company. The Board of Directors of the Company shall recall such proceeds from the abovementioned parties. However, if a securities company holds 5% or more shares by taking up the remaining shares not subscribed pursuant to an underwriting restriction, the **six (6)** month moratorium shall not apply.
- Where the Board of Directors of the Company fails to observe the preceding paragraph, the shareholders shall be entitled to request the Board of Directors to enforce the same within **thirty (30)** days. If the Board of Directors of the Company fails to do so within the aforesaid time limit, the shareholders shall be entitled to directly initiate court proceedings at the People's Court in their own names for the interests of the Company.
- Where the Board of Directors of the Company fails to comply with the

requirements set out in the first paragraph of this Article, the responsible director(s) shall assume joint and several liabilities under the law.

Chapter 4 Shareholders and Shareholders' General Meetings

Section 1 Shareholders

Article 31 The Company shall maintain a register of shareholders according to the credentials provided by the shares registrar. The register of shareholders shall be deemed sufficient evidence to prove shareholders' holding of the Company's shares. Shareholders enjoy rights and undertake obligations according to the type of shares held by them. Shareholders holding the same class of shares shall share the same rights and undertake the same obligations.

Article 32 When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate or engage in other activities that involve determination of the identifications of shareholders, the Board of Directors or the convener of the shareholders' general 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 The Company's shareholders shall enjoy the following rights:

- (1) To obtain the dividends and benefits distributed in other forms on the number of shares held by them;
- (2) To propose, convene, preside over, attend or appoint a proxy to attend the shareholders' general meetings, and to exercise corresponding voting rights in accordance with laws;
- (3) To supervise, bring forward suggestions on or address inquiries on the Company's business operations;
- (4) To transfer, donate or pledge the shares they hold in accordance with laws, administrative regulations and the Articles of Association;
- (5) To have access to the Articles of Association, register of shareholders, the counterfoils of the Company's bonds, the minutes of shareholders' general meetings, the resolutions passed at the meetings of the Board of Directors, the resolutions passed at the meetings of the Board of Supervisors and the financial and accounting reports;
- (6) In the event the Company is terminated or liquidated, distribute residual assets based on their shareholding;
- (7) To request the Company to purchase the shares held by the shareholders who vote against any resolutions adopted at such shareholders' general meetings on the merger or division of the Company; and
- (8) Other rights stipulated in laws, administrative regulations, departmental rules or the Articles of Association.

Article 34 Where requesting access to the information mentioned in the preceding Article, or

asking for the relevant documents, the shareholders shall provide the Company with written documents evidencing the type of Company's shares they hold and the number of shares, and the Company, after having identified the shareholders, may provide them with the said information and relevant documents according to the requirements of the shareholders.

Article 35 Should a resolution passed at the shareholders' general meeting or the meeting of the Board of Directors violates laws and administrative regulations, shareholders have the right to initiate proceedings in People's Court to declare the resolution invalid.

Should the procedures for convening or the methods of voting at the shareholders' general meeting and the meeting of the Board of Directors violate laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall be entitled to initiate proceedings in People's Court to rescind such resolution within sixty (60) days from the date when such resolution is adopted.

Article 36 Where the Company incurs losses as a result of directors and senior executive's violation of laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, shareholders, individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days, shall be entitled to request in writing the Board of Supervisors to initiate proceedings in People's Court. Where the Company incurs losses as a result of the Board of Supervisors' violation of any provisions of law, administrative regulations or the Articles of Association in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the Board of Directors to initiate proceedings in People's Court.

In the event that the Board of Supervisors or the Board of Directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in People's Court directly in their own names in the interest of the Company.

The shareholders described in the first paragraph of this Article may also initiate proceedings in accordance with the first two paragraphs in this Article, in the event that the legitimate rights and interests of the Company are infringed by others and the Company suffers losses thereto,

Article 37 Shareholders may initiate proceedings in People's Court in the event that a director or a senior executive has violated the laws, administrative regulations or the Articles of Association, thereby infringing the interests of the shareholders.

Article 38 The Company's shareholders assume the following obligations:

- (1) To observe laws, administrative regulations and the Articles of Association;
- (2) Make payment for shares subscribed according to the number of shares subscribed and the method of subscription;

- (3) Not to divest the shares unless required by the laws and regulations;
- (4) Not to abuse shareholders' rights to harm the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interest of any creditor of the Company. Shareholders of the Company who abuse shareholders' rights and thereby losses to the Company or other shareholders shall be liable for indemnities according to the law; and where shareholders of the Company abuse the Company's position as an compensation legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts of the Company; and
- (5) Other obligations imposed by the laws, administrative regulations and the Articles of Association.

Article 39 Where shareholders holding 5% or more shares with voting rights of the Company pledges any share in their possession, they shall report to the Company in writing on the day when they pledge their shares.

Article 40 The controlling shareholder and the actual controllers of the Company shall not make use of their relationship to harm the interests of the Company. Should they violate the provisions and cause the Company damage, they shall be liable for such damage.

The controlling shareholder and the actual controllers of the Company have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the law. The controlling shareholder may not harm the lawful interests of the Company and its public shareholders through profit distribution, asset restructuring, external investment, appropriation of capital or offering loan guarantees, and may not exploit its controlling status against the interests of the Company and public shareholders.

Section 2 General Provisions on the Shareholders' General Meetings

Article 41 Shareholders' general meetings are the Company's power organisation and exercise the following functions and powers in accordance with the law:

- (1) To decide the business plan and investment plan of the Company;
- (2) To elect and replace the directors and supervisors who are not representatives of the staff, and determine matters relating to the remuneration of the directors and supervisors;
- (3) To examine and approve the reports of the Board of Directors;
- (4) To examine and approve the reports of the Board of Supervisors;
- (5) To examine and approve the Company's annual financial budget and settlement plans;
- (6) To examine and approve the Company's profit-distribution and loss-covering plans;

- (7) To pass resolutions on the Company's increase or decrease of registered capital;
- (8) To pass resolutions on the issuance of corporate bonds;
- (9) To pass resolutions on the Company's merger, division, dissolution, liquidation or change of form;
- (10) To amend the Company's Articles of Association;
- (11) To pass resolutions on the Company's employment and dismissal of accounting firms;
- (12) To examine and approve the provisions of guarantees under Article 42;
- (13) To examine matters relating to the purchase and sale of the Company's material assets within the past year, which exceed 30% of the company's audited total assets for the latest period;
- (14) To examine, approve change the usage of the fund raised;
- (15) To examine the equity incentive plan; and
- (16) To examine other matters determined at the shareholders' general meetings, as regulated in laws, administrative regulations, departmental rules or the Articles of Association.

The aforesaid functions and powers of the shareholders' general meetings shall not be delegated to the board of directors or other organisation and individuals.

Article 42 Any of the following guarantees provided by the Company shall be deliberated and approved by the shareholders' general meeting:

- (1) Any guarantees provided after the total amount of guarantees provided by the Company and its holding subsidiaries has reached or exceeded 50% of the Company's audited net assets for the latest period;
- (2) Any guarantees provided after the total amount of guarantees provided by the Company has reached or exceeded 30% of the Company's audited total assets for the latest period;
- (3) Any guarantees provided for a guarantee object whose asset-liability ratio exceeds 70%;
- (4) Any single guarantee amount exceeds 10% of the latest audited net asset;
- (5) The amount of guarantees aggregated over a period of twelve (12) consecutive months exceeds 70% of the Company's audited net assets for the latest period, with the absolute amount exceeding RMB 50 million;
- (6) Guarantees provided to shareholders, actual controllers or their related parties; and
- (7) Other guarantees requiring approval by the shareholders' general meeting as stipulated by Stock Exchange.

Article 43 Shareholders' general meetings include annual shareholders' general meetings and extraordinary shareholders' general meetings. Annual shareholders' general meetings is held once annually and shall be held within six (6) months after the end of the previous fiscal year.

Article 44 The Company shall hold an extraordinary shareholders' general meeting within two (2) months from occurrence of the event:

- (1) The number of directors is less than five (5);

- (2) The uncovered losses exceed one-third (1/3) of the Company's actual paid-up capital;
- (3) Shareholders, individually or jointly holding more than 10% of the Company's shares, propose to hold an extraordinary meeting;
- (4) The Board of Directors considers it necessary to hold such a meeting;
- (5) The Board of Supervisors proposes to hold such a meeting; and
- (6) Other circumstances regulated in laws, administrative regulations, departmental rules or the Articles of Association.

Article 45 The place for the Company to hold shareholders' general meeting shall be: Blue Star Building, 9 West Beitucheng Road, Chaoyang District, Beijing, or be determined by the Company's Board of Directors based on the need of the meeting. A meeting place shall be set up for shareholders' general meetings, which shall be held on the spot. The Company may provide an Internet voting platform to facilitate shareholders attending the shareholders' general meetings. In case shareholders cast votes online, the voting shall be executed in accordance with related regulations of CSRC, Stock Exchange and CSDC, etc., as well as the Company's Articles of Association.

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

Article 46 The Company shall, in connection with the convening of a shareholders' general meeting, engage lawyers to issue legal opinions in respect of the following matters and make announcements accordingly:

- (1) Whether the procedures relating to the convening and holding of such meeting comply with the laws, administrative regulations and the Articles of Association;
- (2) Whether the qualifications of the meeting attendees and convener are legitimate and effective;
- (3) Whether the voting procedures and results of the meeting are legitimate and effective; and
- (4) Legal opinions provided on other related issues upon the request of the Company.

Section 3 Convening of the Shareholders' General Meetings

Article 47 Independent directors have the right to propose to the Board of Directors to convene extraordinary shareholders' general meetings. The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten (10) days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Should the Board of Directors agree to convene an extraordinary shareholders' general meeting, a notice concerning the said meeting shall be issued within five (5) days from passing of a board resolution. Should the Board of Directors disagree to convene the said meeting, it shall state and announce the reasons.

- Article 48 The Board of Supervisors has the right to propose to the Board of Directors to convene extraordinary shareholders' general meetings in writing. The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary shareholders' general meeting within ten (10) days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations and the Articles of Association.
- Should the Board of Directors agree to convene the extraordinary shareholders' general meeting, a notice concerning the said meeting shall be issued in five (5) days from passing of the board resolution. Should changes be made to the original requests in the notice, consent has to be obtained from the Board of Supervisors.
- Should the Board of Directors disagree to convene the said meeting of shareholders, or fail to reply in ten (10) days upon receiving the request, the Board of Directors shall be considered unable or failing to perform the obligation to convene the shareholders' general meeting, and the Board of Supervisors may convene and preside over the meeting on its own.
- Article 49 Shareholders, individually or jointly holding more than 10% of the Company's shares, have the right to propose to the Board of Directors to convene extraordinary shareholders' general meetings in writing. The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within 10 (ten) days upon receiving the request in accordance with the laws, administrative regulations and the Articles of Association.
- Should the Board of Directors agree to convene the extraordinary shareholders' general meeting, a notice concerning the meeting shall be issued within five (5) from passing of board resolution. Should the Board of Directors change the original proposal in the notice, consent has to be obtained from related shareholders.
- Should the Board of Directors disagree to convene the extraordinary shareholders' general meeting or fail to reply within 10 days upon receiving the request, shareholders individually or jointly holding more than 10% of the Company's shares have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' general meeting in writing.
- Should the Board of Supervisors agree to convene the extraordinary shareholders' general meeting, a notice concerning the extraordinary shareholders' general meeting shall be issued within five (5) days upon receiving the request. Should changes be made to the original request in the notice, consent has to be obtained from related shareholders.
- Should the Board of Supervisors fail to issue the notice for the said meeting, it shall be deemed that the Board of Supervisors will not convene or preside over the meeting, and shareholders having individually or jointly held more than 10% of the Company's shares for more than ninety (90) consecutive days have the right to independently convene and preside over the meeting.
- Article 50 Should the Board of Supervisors or shareholders decide to convene the shareholders' general meeting on their own initiative, they shall notify the Board of Directors in writing and file the notice of the meeting with the local branch of CSRC and Stock Exchange for records.

The shareholder(s) convening the shareholders' general meeting must hold at least 10% of the Company's shares before the resolution of such meeting is announced. The convening shareholders shall submit relevant supporting documents to the local branch of CSRC and Stock Exchange, when the notice and resolution announcements concerning the shareholders' general meeting are sent.

Article 51 With regard to the shareholders' general meeting convened by the Board of Supervisors or shareholders on their own initiative, the Board of Directors and the secretary to the Board of Directors shall cooperate. The Board of Directors shall provide the register of shareholders of registration date.

Article 52 The Company shall assume the expenses necessary for the shareholders' general meeting convened by the Board of Supervisors or shareholders on their own initiative.

Section 4 Proposals and Notice at the Shareholders' General Meetings

Article 53 The contents of proposal shall be within the scope of the functions and powers of the shareholders' general meeting with specified subjects and specific resolutions. They shall also meet related regulations of laws, administrative regulations and the Articles of Association.

Article 54 The Board of Directors, Board of Supervisors or shareholders individually or jointly holding more than 3% of the Company's shares have the right to bring forward proposals to the Company at a shareholders' general meeting held by the Company.

Shareholders individually or jointly holding more than 3% of the Company's shares may propose provisional proposals to the convener in writing ten (10) days prior to the date of the shareholders' general meeting. The convener shall dispatch a supplementary notice concerning the shareholders' general meeting and announce the contents of the said proposal within two (2) days upon receipt of the proposal.

Unless otherwise required in the preceding paragraph, the convener may not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatching of a notice concerning the shareholders' general meeting.

Proposals not listed in the notice, or not in line with the provisions of Article 53 herein, may not be put to the vote and or resolved at the shareholders' general meeting.

Article 55 For the annual shareholders' general meeting, the convener shall notify by announcement all the shareholders twenty (20) days prior to the holding of said meeting. For the extraordinary shareholders' general meeting, the convener shall notify by announcement all the shareholders 15 days in advance.

Article 56 The notification concerning the shareholders' general meeting includes the following contents:

- (1) The time, venue and period of the meeting;
- (2) The matters and proposals to be discussed at the meeting;
- (3) An explicit statement announcing that: all shareholders are entitled to attend

the shareholders' general meeting and may appoint a proxy in writing to attend the meeting and participate in voting, and such shareholders' agents need not be shareholders of the Company;

- (4) The registration date of shareholders entitled to attend the shareholders' general meeting; and
- (5) The name and telephone number of the standing contact persons in connection with the meeting.

Article 57 Where the election of directors and supervisors is to be discussed, a notice concerning the shareholders' general meeting shall fully disclose the particulars of the candidates for directors and supervisors, and shall at least include the following contents:

- (1) Personal particulars such as educational background, work experience and part-time jobs, etc.;
- (2) Whether or not the candidate(s) has/ve any connection with the Company or the Company's controlling shareholders and actual controllers;
- (3) The number of shares held by the candidate(s) in the Company; and
- (4) Whether or not the candidate(s) has/ve been subject to penalties by CSRC and other related authorities as well as sanctions by any stock exchange(s);

Save for the election of directors and supervisors held by adopting a cumulative-voting system, each candidate for director or supervisor shall be nominated via single proposal.

Article 58 After announcing the shareholders' general meeting, the said meeting may not be postponed or cancelled without proper reasons, and the proposals set out in the notice about the meeting shall not be withdrawn. Once the meeting is postponed or cancelled, the convener shall make an announcement and state reasons thereof at least two (2) working days prior to the original date of the meeting.

Section 5 Holding of the Shareholders' General Meetings

Article 59 The Board of Directors and other conveners of the Company shall take all necessary measures to ensure that the shareholders' general meeting is held in an orderly manner. Measures shall be adopted to stop any disruption of the shareholders' general meeting or trouble-making and infringement of the legitimate rights and interests of shareholders, and the matter shall be promptly reported to the relevant authorities for investigation and punishment.

Article 60 All the shareholders or their proxies listed in the register of shareholders on registration date are entitled to attend the shareholders' general meeting and exercise the voting rights in accordance with relevant laws, regulations and provisions of the Company's Articles of Association.

Shareholders may either attend the shareholders' general meeting in person or appoint proxies to attend and vote at such meeting on their behalf.

Article 61 Individual shareholders attending the meeting in person shall present their identity cards, other valid credentials or certificates or stock-account cards for identification. Proxies attending the meeting shall present their identity cards and the power of

attorneys from the shareholders.

Corporate shareholders shall be represented by their legal representatives or legal representatives' proxies at the meeting. Legal representatives attending the meeting shall present their identity cards and other effective documents that could prove their status as legal representatives. Proxies authorized to attend the meeting shall present their identity cards and the written power of attorney provided by the corporate shareholders' legal representatives according to laws.

Article 62 The power of attorney provided by a shareholder to authorize another person to attend the shareholders' general meeting shall explicit state the following contents:

- (1) The name of the proxy;
- (2) Whether the proxy has voting rights;
- (3) The instructions to vote for, against or abstain from voting on each of the items in the agenda of the shareholders' general meeting;
- (4) The signing date and valid period of the power of attorney; and
- (5) The signature (or seal) of the appointing shareholder, and the legal entity's seal where the appointing shareholder is a corporate shareholder.

Article 63 The power of attorney shall specify whether the proxies may vote where the shareholder does not give specific instruction.

Article 64 Where the proxy form is signed by a person under the power of attorney on behalf of the appointer, the power of attorney or any other authorization documents authorized to be signed shall be notarized. A notarized copy of the said power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other place specified in the notice of the meeting.

Where the appointer is a legal person, the legal representative or other person authorized through the resolution of the Board of Directors, other decision-making organ may attend the shareholders' general meeting as a representative of the appointer.

Article 65 The Company shall be responsible for compiling an attendee register that shall include the attendees' names (organisations' names), ID card numbers, domicile addresses, the number of shares with voting rights held or represented and the principals' names (organisations' names), etc.

Article 66 The convener and lawyers engaged by the Company shall jointly verify the legitimacy of shareholder qualifications in accordance with the register of shareholders provided by the securities registration and clearing organisation , and shall record the names (or designations) of the shareholders and the number of shares with voting rights held by them. The registration shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares with voting rights held by them.

Article 67 When the company convenes a shareholders' general meeting, all directors, supervisors and the company secretary shall be present at the meeting, and managers and other senior management personnel shall attend the meeting.

Article 68 The shareholders' general meeting is presided over by the chairman. In case the

chairman cannot or fail to perform the duty, the deputy chairman shall preside over the meeting. In case the deputy chairman cannot or fail to perform the duty, a director jointly elected by the majority of all the directors shall preside over the meeting.

The shareholders' general meeting convened by the Board of Supervisors on its own initiative shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors cannot or fail to perform the duty, the deputy chairman of the Board of Supervisors shall preside over the meeting. If the deputy chairman of the Board of Supervisors cannot or fail to perform the duty, a supervisor jointly elected by the majority of all the supervisors shall preside over the meeting.

The shareholders' general meeting convened by shareholders on their own initiative shall be presided over by a representative recommended by the convener.

If the chairperson of the shareholders' general meeting breaches the procedural rules, which makes it unable to proceed the shareholders' general meeting, then, subject to the consent of the majority of the shareholders of voting rights at the meeting, the shareholders' general meeting may elect one person as the chairperson to continue the meeting.

Article 69 The Company shall formulate the procedural rules for shareholders' general meetings, which shall set out in detail the procedures for convention and voting in respect of the shareholders' general meetings (including notices, registration, deliberation and approval of proposals, voting, vote counting, announcements of voting results, the formation of resolutions, meeting minutes and signing, announcements and other matters) and the principles of authorization granted to the Board of Directors at the shareholders' general meetings. The scope of authorization shall be specified in details. The procedural rules for the shareholders' general meetings shall be prepared by the Board of Directors, approved at the shareholders' general meeting and attached to the Company's Articles of Association as an appendix.

Article 70 During the annual general meeting of shareholders, the Board of Directors and the Board of Supervisors shall respectively give a report on their work in the past year at the shareholders' general meeting. Every independent director shall also make a duty report accordingly.

Article 71 Directors, supervisors and senior executives shall explain and respond to shareholders' inquiries and suggestions at the shareholders' general meeting.

Article 72 Prior to voting, the chairman of the general meeting shall announce the number of shareholders and proxies present and the total number of shares with voting rights held by them. The number of shareholders and proxies and the total number of shares with voting rights held by them shall be based on the registration for the meeting.

Article 73 The secretary to the Board of Directors shall be responsible for minutes of the shareholders' general meeting. The minutes shall record the following contents:

- (1) The meeting time, venue, agenda and convener's name;
- (2) The name of the chairperson of the meeting and the directors, supervisors,

general manager and other senior executives attending the meeting;

- (3) The number of shareholders and their proxies attending the meeting, the total number of shares with voting rights held by them and the percentage of such shares to the Company's total shares;
- (4) The discussions in respect of each proposal, the highlights of speeches made at the meeting and the results of voting;
- (5) The shareholders' inquiries or suggestions and corresponding responses or explanations;
- (6) The name of lawyers, counting officers and poll watchers; and
- (7) Other matters that shall be recorded in the minutes according to the regulations of the Articles of Association.

Article 74 The convener shall ensure the authenticity, accuracy and completeness of the minutes. Directors, supervisors, secretary to the Board of Directors, convener or his representative and meeting chairperson who are attending the meeting shall sign in the minutes. The minutes shall be kept for at least ten (10) years along with the signature book of shareholders attending the meeting, the power of attorney of proxies as well as other valid materials concerning the voting through the Internet and other means.

Article 75 The convener shall ensure that the shareholders' general meeting is held continuously until final resolutions are passed. In the event that the shareholders' general meeting is adjourned or the resolutions cannot be passed due to force majeure or other special reasons, the convener shall adopt necessary measures to restore the shareholders' general meeting as soon as possible or terminate the shareholders' general meeting directly. An announcement shall be made promptly. Meanwhile, the convener shall report to the local branch of CSRC and Stock Exchange.

Section 6 Voting and Resolutions at Shareholders' General Meetings

Article 76 Resolutions of shareholders' general meetings include ordinary and special resolutions.

An ordinary resolution must be passed by a simple majority of voting rights held by the shareholders (including their proxies) attending the shareholders' general meeting.

A special resolution must be passed by more than two-thirds (2/3) of voting rights held by the shareholders (including their proxies) attending the shareholders' general meeting.

Article 77 The following matters shall be resolved through an ordinary resolution at shareholders' general meetings:

- (1) The work reports of the Board of Directors and the Board of Supervisors;
- (2) The profit-distribution and loss-covering plans formulated by the Board of Directors;
- (3) The appointment and dismissal of the members of the Board of Directors and the Board of Supervisors, their remuneration and methods of payment;

- (4) The Company's annual budget and final accounts;
- (5) The Company's annual reports; and
- (6) Matters other than those required by laws, administrative regulations or the Company's Articles of Association shall be adopted through special resolution.

Article 78 The following matters shall be resolved through a special resolution at shareholders' general meetings:

- (1) The Company's increase or decrease of registered capital;
- (2) The Company's division, merger, dissolution and liquidation;
- (3) The amendment to the Articles of Association;
- (4) The Company's purchase or sale of any material assets or guarantee provided within one year amounting to more than 30% of the Company's audited total assets of the latest period;
- (5) Share option incentive plan;
- (6) Adjustment or change of the profit-distribution policy; and
- (7) Other matters that are regulated in laws, administrative regulations or the Articles of Association, and will have material influences on the Company if being resolved by way of an ordinary resolution, shall be adopted by a special resolution.

Article 79 All shareholders (including their proxies) shall exercise voting rights according to the number of shares with voting rights represented by them, and every share shall be entitled to one vote.

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

The Company's shares held by the Company shall not have voting rights or be counted into the total shares with voting rights at the shareholder's general meeting.

The Board of Directors, independent directors and shareholders who meet related provisions may publicly solicit the voting rights of shareholders. Where the voting rights of a shareholder are being solicited, information such as the specific voting intention shall be fully disclosed to the shareholder.

It is prohibited to solicit shareholders' voting rights in the form of compensation or disguised compensation shall be prohibited. The company shall not impose restrictions on the minimum shareholding percentage for solicitation of voting rights.

Article 80 When any affiliated transaction is deliberated at shareholders' general meetings, affiliated shareholders shall not participate in voting, and the number of shares with voting rights represented by them shall not be taken into the total number of effective votes. Announcement of the resolutions at shareholders' general meetings shall sufficiently disclose the voting of non-affiliated shareholders.

Article 81 Where the Company has ensured that a shareholders' general meeting is legal and valid, the voting may be conducted through different means, including modern technology (on a priority basis) such as online voting platforms, to facilitate

- shareholder participation in the said meeting.
- Article 82 Except where the Company is undergoing a crisis or any extraordinary circumstances, the Company may not enter into any contract with anyone other than a director, a general manager or any other senior executives to place entire business or significant business of the Company in the charge of such person, unless otherwise approved by shareholders at a general meeting by way of a special resolution.
- Article 83 The shortlist of directors and supervisors shall be proposed to the shareholders' general meeting for votes.
- The cumulative-voting system may be implemented in the voting for the election of directors and supervisors at shareholders' general meetings in accordance with the provisions of the Articles of Association or the resolutions of shareholders' general meetings.
- The cumulative-voting system mentioned in the previous paragraph refers to that, in the election of directors or supervisors at the shareholders' general meeting, the voting rights of each share equal the number of candidates for directors or supervisors, and shareholders may exercise their voting rights collectively. The Board of Directors shall announce to shareholders the resumes and basic information of the candidates for directors and supervisors.
- The shortlist of directors and supervisors shall be proposed to the shareholders' general meeting for votes. The Company's Board of Directors, Board of Supervisors or shareholders individually or jointly holding more than 3% of the shares issued by the Company may nominate the candidates for directors and supervisors. The Company's Board of Directors, Board of Supervisors, or shareholders individually or jointly holding more than 1% of the shares issued by the Company may nominate the candidates for independent directors. The Board of Directors shall, after examining the proposals according to the procedures regulated in laws, regulations and the Articles of Association, submit such proposals to the shareholders' general meeting for deliberation. The intention to nominate candidates for directors and supervisors and written notice expressing candidates' willingness to accept nomination shall be submitted to the Company seven (7) days ahead of the holding of the shareholders' general meeting.
- Article 84 Except for the cumulative-voting system, all proposals shall be voted one by one at the shareholders' general meeting. Different proposals on the same matter shall be voted according to the time sequence that the proposals are put forward. Except when the shareholders' general meeting is interrupted or any resolution cannot be passed for special reasons such as force majeure, the shareholders' general meeting shall not set aside or refuse to vote on the proposals.
- Article 85 The proposals considered at a shareholders' general meeting may not be amended, otherwise related amendment shall be deemed as a new proposal, which cannot be voted at the current shareholders' general meeting.
- Article 86 The same voting rights may only be exercised by one means, either through onsite voting, the Internet or other means. Should the same voting rights be exercised by more than one means, the first vote cast shall prevail.

- Article 87 The shareholders' general meetings adopt open vote.
- Article 88 Before voting on proposals, the shareholders' general meeting shall nominate two shareholder representatives to count the votes and scrutinize the voting. If a shareholder has conflict of interest concerning the matter to be deliberated, the relevant shareholder and his proxy shall not participate in vote counting or scrutinize the voting.
- When a proposal is voted at the shareholders' general meeting, the counting of votes and the scrutinizing of voting shall be conducted with lawyers, shareholder representatives and supervisor representatives. The voting results shall be announced on the spot and recorded in the minutes.
- Shareholders, or his proxy, voting through the Internet or other means shall have the right to check his own voting result through the corresponding voting system.
- Article 89 The conclusion of shareholders' general meeting on the spot shall not be earlier than voting by the Internet or other means. The chairperson shall announce the voting on and result of every proposal, and announce whether a proposal is adopted according to the voting results.
- Before the voting results are officially announced, the listed companies, counting officers, scrutinizers, major shareholders, the Internet service providers and all relevant parties related to the voting on site, through the Internet and other means, have the obligation to keep the voting results confidential.
- Article 90 Shareholders attending the shareholders' general meeting shall present one of the following opinions on the proposals voted: consent, objection or abstention.
- Votes that are left blank, wrongly written, and illegible or not be cast will be deemed as the voter has given up his voting right, and the votes represented by his shares will be treated as "abstention".
- Article 91 Should the chairperson of the meeting have any doubt regarding the voting results , he may have the votes counted. Should the chairperson of the meeting not count the votes, and the shareholders or their proxies attending the meeting disagree with the voting results announced by the chairperson of the meeting, they shall have the right to request vote counting immediately after the voting results are announced, and the chairperson of the meeting shall organize vote counting at once.
- Article 92 The resolutions passed at the shareholders' general meeting shall be announced promptly. The announcement shall specify the number of shareholders present in person or by proxy at the meeting, the total number of voting shares held by them, the percentage of such voting shares in relation to all the voting shares of the Company, the voting methods, the voting result of each proposal and the details of each resolution adopted at the meeting.
- Article 93 Should a proposal not be adopted, or should any resolution passed at the previous shareholders' general meetings is changed at the current shareholders' general meeting, a special prompt shall be given in the announcement of the shareholders' general meeting.
- Article 94 In case the shareholders' general meeting passes the resolution on the election of directors and supervisors, the new directors and supervisors shall take office on the date when the resolution is passed at the shareholders' general meeting.

Article 95 Should any proposal for cash dividend, bonus shares or conversion from capital reserves to share capital be adopted at the shareholders' general meeting, the Company shall implement detailed plans within two(2) months after the conclusion of the shareholders' general meeting.

Chapter 5 Board of Directors

Section 1 Directors

Article 96 The Company's directors are natural persons. Any person with one of the following situations may not act as the Company's director:

- (1) A person without civil capacity or a person with limited capacity for civil conduct;
- (2) A person who was convicted for criminal offence for an offence of corruption, bribery, encroachment of property, misappropriation of property or disruption of the socialist market economy, or having been deprived of political rights due to the commitment of any crime, and that five (5) years have not elapsed since the completion of the punishment or deprivation;
- (3) A person who was a former director, factory director or general manager of a company or enterprise that had gone bankrupt and been liquidated and whereby such person was personally liable for the bankruptcy of such company or enterprise, and three (3) years have not elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;
- (4) A person who was the legal representative of a company or enterprise that was revoked of a business license or ordered to close for violation of laws and whereby such person was personally liable, and three (3) years have not elapsed since the date when the company or enterprise's business license was revoked;
- (5) A person who has a relatively large amount of debt that has not been repaid at maturity;
- (6) A person who is banned from the securities market by CSRC and the ban period has not expire; or
- (7) Other contents regulated by laws, administrative regulations or departmental rules.

Should the director(s) be elected and appointed in violation of the regulations of this article, the election, appointment or employment shall be deemed invalid. The director(s) with the situations mentioned in this article during the tenure shall be dismissed by the Company.

Article 97 The Company does not install directors shouldered by employee representatives. Directors are elected or replaced through shareholders' general meetings and have a tenure of 3 (three) years. The directors may be re-appointed if being re-elected upon the expiration of their tenure. Directors may not be dismissed without reasons at the shareholders' general meeting before the expiration of their tenure.

A directors' tenure shall commence from the date when he takes office and end upon the expiration of tenure of the current the Board of Directors. After the expiry of a director's tenure and before a new director is elected and takes office, the original director shall continue to perform his duty as a director pursuant to laws, administrative regulations, departmental rules and the Articles of Association.

General manager or other senior executives may concurrently serve as directors, provided that the total number of directors concurrently serving as the general manager or other senior executives and directors served by employee representatives does not exceed half (1/2) of the Company's total directors.

Article 98 Directors shall observe the laws, administrative regulations and the Articles of Association, and assume the following fiduciary duties to the Company:

- (1) Not to make use of official powers to accept bribes or other illegal income or encroach upon the Company's assets;
- (2) Not to misappropriate the funds of the Company;
- (3) Not to open accounts in his own or another individual's name to deposit the Company's assets or funds;
- (4) Not to provide a loan to others using the Company's funds or provide guarantee to others with the Company's assets by violating the Company's Articles of Association and without the consent from the shareholders' general meeting or the Board of Directors;
- (5) Not to conclude contracts or conduct transactions with the Company by violating the Company's Articles of Association without the consent from the shareholders' general meeting;
- (6) Not to seek business opportunities that should have belonged to the Company for himself or others by using his powers and position or operate the same business as those of the Company for himself or others without the consent from the shareholders' general meeting;
- (7) Not to pocket and claim commissions related to the transactions with the Company;
- (8) Not to disclose the Company's secrets without authorisation;
- (9) Not to take advantage of their connection with the Company to damage the Company's interests; and
- (10) Other fiduciary duties regulated by the laws, administrative regulations, departmental rules and the Company's Articles of Association.

The proceeds obtained by a director in violation of this article shall belong to the Company. Where the Company suffers any losses thereby, the said director shall be obliged to make compensation therefore.

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

- (1) To prudently, seriously and diligently exercise the rights conferred by the Company to ensure that the business conduct of the Company is in conformity with the laws, administrative regulations and all economic policies of China, and its business activities do not go beyond the business scope as stipulated in its business license;

- (2) To treat all shareholders equally;
- (3) To understand the Company's business operations and management timely;
- (4) To sign written opinions of confirmation on the Company's periodic reports and ensure the authenticity, accuracy and completeness of the information disclosed by the Company;
- (5) To faithfully provide related information and materials to the Board of Supervisors, and not to hinder the Board of Supervisors or the supervisors from exercising powers and functions; and
- (6) Other duty of diligence obligations as prescribed by the laws, administrative regulations, departmental rules and the Articles of Association.

Article 100 In case a director fails to be present in person at any two (2) consecutive board meetings and does not entrust another director to be present at such board meeting on his behalf, he shall be considered unable to fulfill his responsibilities as a director, and the Board of Directors shall propose accordingly a shareholders' general meeting to replace such director.

Article 101 A director may resign before the expiry of his tenure subject to the submission of a written resignation report to the Board of Directors. The Board of Directors shall disclose related information in two (2) days.

Should the number of the Company's directors be less than the quorum as required by law due to a director's resignation, the resigning director shall continue to perform his duty as a director pursuant to the laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected and takes the position.

Except for the case mentioned in the preceding paragraph, the resignation of a director shall take effect immediately upon the Board of Directors' receipt of the written resignation report.

Article 102 A director whose resignation takes effect or whose tenure has expired shall complete all handover procedures with the Board of Directors. However, his fiduciary duties to the Company and shareholders shall not be certainly discharged upon the expiry of his tenure and shall remain effective within two (2) years after the expiry of his tenure.

Article 103 No director shall act on behalf of the Company or the Board of Directors without legal authorization provided hereunder or by the Board of Directors. Where a director acts in his own name and a third party may reasonably consider that such director acts on behalf of the Company or the Board of Directors, such director shall declare in advance his position and capacity.

Article 104 Should a director violate the laws, administrative regulations, departmental rules or the Articles of Associations when performing his duties in the Company, such director shall indemnify the Company against the losses arose from such violation.

Article 105 Independent directors shall perform in accordance with the relevant provisions set forth in the laws, administrative regulations and department rules.

Section 2 Board of Directors

- Article 106 The Company shall establish Board of Directors, which is responsible for shareholders' general meetings.
- Article 107 The Board of Directors consists of **9 directors**, including **1 chairman and 1 deputy chairman**.
- Article 108 The Board of Directors exercises the following functions and powers:
- (1) To convene shareholders' general meetings and report work to the shareholders' general meetings;
 - (2) To execute the resolutions of the shareholders' general meetings;
 - (3) To determine the Company's business plan and investment plan;
 - (4) To formulate the Company's annual financial budget and final accounts;
 - (5) To formulate the Company's profit-distribution and loss-covering plans;
 - (6) To formulate the plans for the Company's increase or decrease of registered capital, issuance of bond or other securities and listing;
 - (7) To formulate plans for the Company's important acquisition, acquisition of the Company's shares, or merger, division, dissolution and change of company form;
 - (8) To determine the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financing and connected transactions, etc. within the scope authorized by the shareholders' general meeting;
 - (9) To determine the setting of the Company's internal management organisations;
 - (10) To appoint or dismiss the Company's general manager and secretary to the Board of Directors. To appoint or dismiss the Company's senior executives, such as deputy general manager and chief financial officer, etc., according to the general manager's nomination and determine their remuneration, punishment and reward;
 - (11) To formulate the Company's basic management systems;
 - (12) To formulate the plans of amendments to the Articles of Association;
 - (13) To manage the Company's information disclosure;
 - (14) To propose to the shareholders' general meetings to appoint or replace the accounting firm providing auditing services for the Company;
 - (15) To listen to the general manager's work reports and inspect general manager's work;
 - (16) To exercise other functions and powers endowed by the laws, administrative regulations, departmental rules or the Articles of Association.
- Article 109 While making major decisions of the Company, the Company's Board of Directors must hear opinions from the Party Org.
- Article 110 The Company's Board of Directors shall explain the non-standard audit opinions issued by the accounting firm on the Company's financial statements at the shareholders' general meeting.
- Article 111 The Board of Directors shall formulate the procedural rules to ensure the Board of Directors fulfill the resolutions passed at the shareholders' general meetings, improve working efficiency and ensure rational decision making. The procedural rules of the Board of Directors, as an appendix to the Articles of Association, shall

be formulated by the Board of Directors and approved by the shareholders' general meeting.

Article 112 The following transactions shall be subject to the approval of The Board of Directors:

- (1) Total amount of assets involved in the transaction accounts for more than 10% of the Company's audited total assets of the latest period; except for total amount of assets involved in the transaction accounts for more than 50% of the Company's audited total assets of the latest period, or purchase and sale of the Company's material assets within a year for more than 30% of the Company's audited total assets of the latest period shall be subject to the approval of the Shareholders' General Meetings. If such assets have both book value and valuation, whichever is higher.
- (2) Operating income related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 10% of the Company's audited operating income for the same period, with the absolute amount of the income exceeding RMB 10 million; Operating income related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 50% of the Company's audited operating income for the same period, with the absolute amount of the income exceeding RMB 50 million shall be subject to the approval of the Shareholders' General Meetings.
- (3) Net profit related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 10% of the Company's audited net profit for the same period, with the absolute amount of the net profit exceeding RMB 1 million; net profit related to the subject matter of the transaction (for instance, equity interest) for the most recent financial year accounts for more than 50% of the Company's audited net profit for the same period, with the absolute amount of the net profit exceeding RMB 5 million shall be subject to the approval of the Shareholders' General Meetings.
- (4) Transaction amount (including the debt and expenses incurred) accounts for more than 10% of the Company's audited net assets of the latest period, with the absolute amount of the transaction exceeding RMB 10 million; Transaction amount (including the debt and expenses incurred) accounts for more than 50% of the Company's audited net assets of the latest period, with the absolute amount of the transaction exceeding RMB 50 million shall be subject to the approval of the Shareholders' General Meetings.
- (5) Profit derived from the transaction accounts for more than 10% of the Company audited net profit for the most recent financial year, with the absolute amount of the profit exceeding RMB 1 million; Profit derived from the transaction accounts for more than 50% of the Company audited net profit for the most recent financial year, with the absolute amount of the profit exceeding RMB 5 million shall be subject to the approval of the Shareholders' General Meetings.

In case that a certain figure involved in the aforesaid indicators is of negative value, the absolute value thereof shall be used in the calculation. The transactions in this Article include but not limited to acquiring or disposing of assets, external investment (including trustee investment and entrusted loan, etc.), providing financial assistance, granting guarantee, leasing in or out assets, appointing others or being appointed for management of assets or business, donating assets or accepting asset donation, restructuring debts or creditor's rights, entering into a licensing agreement, transferring or acquiring R & D projects.

The aforesaid asset acquisition or disposal does not include those related to the day-to-day operation, such as acquisitions of raw materials, fuels and power and sales of products and commodities, except the asset acquisition or disposal involved in asset swaps.

Article 113 The Board of Directors shall appoint one chairman, and may appoint one deputy chairman. The Company's chairman and deputy chairman shall be elected by a simple majority of the Company's total directors.

Article 114 The chairman shall exercise the following functions and powers:

- (1) To preside over shareholders' general meetings and convene and preside over the meeting of the Board of Directors;
- (2) To supervise and inspect the implementation of resolutions passed by the Board of Directors;
- (3) To sign the negotiable securities issued by the Company;
- (4) To sign the Board of Directors' important documents;
- (5) To exercise the right to specially dispose the Company's affairs to meet the legal regulations and the Company's benefits in case of emergency such as force majeure, including extraordinarily severe natural disasters, etc., and report to the Company's Board of Directors and shareholders' general meeting afterwards; and

(6) To exercise other functions and powers conferred by the Board of Directors.

Article 115 The Company's deputy chairman shall assist with the chairman's work. Should the chairman be unable or fail to fulfill his duties, the deputy chairman shall fulfill such duties. Should the deputy chairman be unable or fail to fulfill his duties, a director jointly elected by a simple majority of directors shall fulfill such duties.

Article 116 The Board of Directors shall hold at least two (2) meetings annually, which shall be convened by the chairman and shall notify all the directors and supervisors in writing, by telephone or by email ten (10) days in advance.

Article 117 Shareholders representing more than one-tenth (1/10) of the voting rights, more than one-third (1/3) directors or the Board of Supervisors may propose the holding of an interim meeting of the Board of Directors. The chairman shall convene and preside over the meeting of the Board of Directors within ten (10) days upon receiving the proposal.

Article 118 The notification of holding of an interim meeting of the Board of Directors shall be done in writing, by telephone or by email five (5) days prior to the meeting.

Article 119 The notice concerning the meeting of the Board of Directors shall include the following contents:

- (1) The meeting date and venue;
- (2) The period of meeting;
- (3) The particulars and agenda; and
- (4) The date of notice.

Article 120 The quorum of a board meeting shall be a simple majority of the directors. Board resolutions shall be passed by a simple majority of all the directors.

One person one vote shall apply to voting for board resolutions.

Article 121 Any director related to the enterprise involved in the matters discussed at the meetings of the Board of Directors shall not exercise voting rights on such resolutions her/himself or on behalf of other directors. The meetings of the Board of Directors may be held with the quorum of a simple majority of unrelated directors, and resolutions passed by the board meeting shall require a simple majority of votes of unrelated directors.. Should less than three (3) unrelated **directors** attend the meeting of the Board of Directors, the matters shall be forwarded to the shareholders' general meeting for deliberation.

Article 122 Votings for board resolutions can be conducted by means of open vote, a show of hands or, if necessary video, telephone, fax, email or other means . When a director could not attend the board meeting in person, he could attend the meeting by proxy provided that delegation in written is given and explicit opinion is expressed after reviewing the proposals.

Article 123 Directors shall attend the meetings of the Board of Directors personally. Where any director is unable to attend the meeting for good reasons, he may entrust another director to attend the meeting by means of power of attorney, which shall indicate the proxy's name, the matters entrusted, the authorization scope and effective period and shall bear the entrustor's signature or seal. The director attending the meeting as a proxy shall exercise the right as a director within the authorized scope. Where a director is unable to attend the meeting of the Board of Directors and fails to entrust a proxy to attend the meeting, he shall be deemed as to have waived his voting right at the meeting.

Article 124 The Board of Directors shall produce minutes of the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.
The minutes of the meetings of the Board of Directors shall be kept in the Company file for at least ten (10) years.

Article 125 The minutes of the meetings of the Board of Directors shall include the following contents:

- (1) The meeting time and venue and the name of convener;
- (2) The name of directors and directors (proxies) entrusted to attend the meeting of the Board of Directors;
- (3) Agenda;
- (4) Key points of directors' speeches; and
- (5) The method of voting for each matter deliberated and the results (the number of votes for, against or abstention shall be stated in the voting results).

Chapter 6 Party Organization

Article 126 The Party Org. has one secretary. In principle, the chairman of the Board and the responsible person in charge of the Party Org. shall be the same person. The members of the Party Org. who are qualified may be appointed as board members, supervisors or senior management through due procedures; and directors, supervisors and senior management who are qualified party members may be enrolled in the Party Org. through the relevant procedures.

Article 127 The Party Org. performs its duties according to the Constitution of the Communist Party of China, Working Regulations of the Communist Party of China and other relevant rules:

- (1) The Party Org. shall ensure and supervise the implementation of the policies of the Party and the state, implement the major strategic decisions of the Central Committee of the Party and the State Council, and the material work arrangement of the Party Org. of the State-owned Assets Supervision and Administration Commission of the State Council.
- (2) The Party Org. shall unify the principles of the Party supervising the cadres with the Board choosing senior management and the senior management choosing staff. The Party Org. may (i) provide opinions and suggestions with respect to the candidates nominated by the Board or the general manager; (ii) recommend nominees; and (iii) investigate the candidates jointly with the Board and provide opinions and suggestions after collective deliberation.
- (3) The Party Org. shall study and discuss on the Company's reform, development and stability, major business management matters, and material issues which may impact the employees' interests, and provide opinions and suggestions.
- (4) The Party Org. shall assume the responsibility of enforcing strict Party discipline and take a leadership role in the political work, united front work, spiritual civilization construction and corporate culture construction. The Party Org. shall also lead the building of the honest and clean government.

Chapter 7 General Manager and Other Senior Executives

Article 128 The Company shall establish **one (1) general manager**, who shall be appointed or dismissed by the Board of Directors.

The Company shall establish deputy general manager(s) according to the need of development, who shall be appointed or dismissed by the Board of Directors.

The Company's general manager, deputy general manager, chief financial officer, secretary to the Board of Directors and other officer(s) recognized by the Board of Directors are the Company's senior executives.

Article 129 The circumstances concerning the unsuitability to act as directors as stated in Article 96 of the Articles of Association shall apply to senior executives as well.

The regulations concerning directors' fiduciary duties as stated in Article 98 and on the diligence obligation in Items (4)-(6), Article 99, of the Articles of Association shall also be applicable to the senior executives.

- Article 130 Any person serving in the entities of controlling shareholder or actual controller, other than as a director, may not serve as senior executives of the Company.
- Article 131 General manager has a tenure of three (3) years and may be reappointed if reelected.
- Article 132 General manager shall report to the Board of Directors and exercise the following functions and powers:
- (1) To take charge of the Company's production operations management, organize the implementation of the resolutions passed by the Board of Directors and report to the Board of Directors;
 - (2) To sign documents needed to be signed by the Company's legal representative;
 - (3) To exercise the functions and powers of a legal representative;
 - (4) To organize the implementation of the Company's annual business plans and investment plans;
 - (5) To formulate plans for the establishment of the Company's internal management regulations;
 - (6) To formulate the Company's basic management systems;
 - (7) To formulate the Company's specific rules and regulations;
 - (8) To propose to the Board of Directors the appointment or dismissal of the Company's deputy general manager and chief financial officer;
 - (9) To determine the appointment or dismissal of management personnel other than those appointed or dismissed by the Board of Directors;
 - (10) To formulate the salary, welfare and punishment & reward of the Company's employees, determine the appointment and dismissal of the Company's employees;
 - (11) Other functions and powers endowed by the Articles of Association or the Board of Directors.
- General manager shall attend the meeting of the Board of Directors as a without voting delegate, unless the general manager acts as a director concurrently.
- Article 133 General manager shall make implementation rules for the work of general manager and submit them for the approval of the Board of Directors before implementation.
- Article 134 The detailed rules for the work of general manager shall include the following contents:
- (1) The conditions, procedures and attendees of general manager's meeting;
 - (2) The specific responsibilities and work division of general manager and other senior executives;
 - (3) The use of the Company's capital and assets, the authority to sign material contracts and the system of reporting to the Board of Directors and the Board of Supervisors; and
 - (4) Other matters that the Board of Directors considers necessary.
- Article 135 The general manager may resign before the expiry of his tenure. The specific procedures and methods for the general manager's resignation shall be regulated in the work contract between the general manager and the Company.
- Article 136 The deputy general manager shall report to the general manager.
- Article 137 The Company shall establish the secretary of the Board of Directors, who takes

charge of preparing for the shareholders' general meetings and the Board of Directors' meetings, keeping documents, managing shareholders' materials and dealing with information disclosure, etc. of the Company.

The secretary of the Board of Directors shall abide by the laws, administrative regulations, departmental rules and the Articles of Association.

Article 138 Senior executives shall be liable for the losses suffered by the Company due to such senior executives' violation of laws, administrative regulations, departmental rules or the Articles of Association during the performance of duties in the Company.

Chapter 8 Board of Supervisors

Section 1 Supervisors

Article 139 The circumstances concerning the unsuitability to act as directors as stated in Article 96 of the Articles of Association shall apply to supervisors as well. The directors, general manager and other senior executives shall not concurrently act as supervisors.

Article 140 Supervisors shall observe the laws, administrative regulations and the Articles of Association, shall assume the fiduciary duties and the diligence obligations to the Company, shall not take bribery and other illegal income by making use of their powers and position and shall not encroach the Company's properties.

Article 141 Supervisors have a tenure of **three (3) years** and may be re-appointed in case of reelection after the expiry of their tenures.

Article 142 Should a reelection fail to be conducted in time upon the expiry of the supervisors' tenures or a supervisor resigns during his tenure, and resulting in the number of the Board of Supervisors' members being lower than the quorum, then before a new supervisor is elected and takes office, the original supervisor shall still perform the duties as supervisor according to the regulations of the laws, administrative regulations and the Articles of Association.

Article 143 The supervisors shall ensure the information disclosed by the Company to be authentic, accurate and complete.

Article 144 The supervisors may attend the meeting of the Board of Directors as non-voting delegates, and may address inquires or bring forward suggestions on matters resolved by the Board of Directors.

Article 145 The supervisors shall not take advantage of their connections to damage the Company's benefits. Where losses are caused to the Company, they shall be liable for compensation.

Article 146 Should a supervisor cause losses to the Company due to violation of the regulations of the laws, administrative regulations, departmental rules or the Articles of Association during performance of his duties in the Company, the supervisor shall be liable for compensation.

Section 2 Board of Supervisors

Article 147 The Company shall establish the Board of Supervisors, which consists of three (3) supervisors, including one (1) chairman, and may appoint deputy chairman. The chairman and deputy chairman of the Board of Supervisors are elected by a simple majority of all the supervisors. The chairman of the Board of Supervisors convenes and presides over the meeting of the Board of Supervisors. In case the chairman of the Board of Supervisors unable or fail to implement his duties, the deputy chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors. Should the deputy chairman of the Board of Supervisors be unable or fail to perform his duties, a supervisor jointly elected by a simple majority of supervisors shall convene and preside over the meeting of the Board of Supervisors.

The Board of Supervisors consists of shareholder representatives and a proper proportion of the Company's employee representatives, wherein employee representatives shall account for at least one-thirds (1/3) of the total supervisors and be elected by the Company's employees through employees' congress.

Article 148 The Board of Supervisors shall exercise the following functions and powers:

- (1) To examine and bring forward written examination opinions on the Company's periodic reports prepared by the Board of Directors;
- (2) To inspect the Company finances;
- (3) To supervise the directors and senior executives' behaviour when performing their duties in the Company, and to bring forward the suggestions on dismissing the directors and senior executives for violating the laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' general meetings;
- (4) To request the directors and senior executives to rectify their behavior that is harming the Company's benefits;
- (5) To propose the holding of extraordinary general meetings of shareholders and to convene and preside over the shareholders' general meeting, should the Board of Directors fail to convene and preside the meeting according to the regulations of the Company Law;
- (6) To bring forward proposals to the shareholders' general meetings;
- (7) To initiate legal proceedings against directors and senior executives according to the regulations of Article 151 of the Company Law;
- (8) Investigate into any abnormal activities discovered in the Company's business operations. Professional institutions such as accounting and law firms may be engaged to assist with the investigation, where necessary, at the Company's expenses.

Article 149 The Board of Supervisors shall hold at least one meeting every six (6) months. Supervisors may propose the holding of extraordinary meetings of the Board of Supervisors.

The resolutions of the Board of Supervisors shall be passed by a simple majority of

the supervisors.

Article 150 The Board of Supervisors shall make its own rules of procedures and specifying the discussion methods and voting procedures of the Board of Supervisors to ensure the work efficiency and rational decision making of the Board of Supervisors.

Article 151 The Board of Supervisors shall produce minutes of the decisions made on the matters discussed, and the supervisors attending the meeting shall sign the minutes. Supervisors are entitled to make some explanatory records about their speeches at the meetings in the minutes. The minutes of the meeting of the Board of Supervisors shall be kept in the Company's file for at least ten (10) years.

Article 152 The notice of the meeting of the Board of Supervisors shall include the following contents:

- (1) The meeting date, venue and period;
- (2) The particulars and agenda to be discussed; and
- (3) Date of notice.

Chapter 9 Financial and Accounting Systems, Profit Distribution and Audit

Section 1 Financial and Accounting Systems

Article 153 The Company shall create its financial and accounting systems according to the laws, administrative regulations and regulations of related national departments.

Article 154 The Company shall submit its annual financial and accounting statements to CSRC and Stock Exchange in four (4) months after the end of every fiscal year; submit semi-annual financial and accounting statements to the local branch of CSRC and Stock Exchange in two (2) months after the end of the first half of each fiscal year; and submit quarterly financial and accounting statements to the local branch of CSRC and Stock Exchange in one (1) month after the end of the first quarter and the first three quarters of each fiscal year.

The abovementioned financial and accounting statements shall be prepared according to related laws, administrative regulations and departmental rules.

Article 155 The Company shall not keep financial accounts other than those required by law. No asset of the Company shall be deposited in any account opened in the name of any individual.

Article 156 When distributing its after-tax profits, the Company shall withdraw 10% of its after-tax profit as the Company's statutory reserve. The Company's statutory reserve, if accumulatively amounting to more than 50% of the Company's registered capital, may not be withdrawn any more.

Where the statutory reserve of the Company is insufficient to cover the Company's losses from the previous year, the profit of current year shall be used to cover the losses of the very year before the withdrawal of statutory reserve pursuant to the regulations of the previous paragraph.

After withdrawing statutory reserve from after-tax profit, the Company could still withdraw discretionary reserve from after-tax profit according to the resolution of the shareholders' general meeting.

After loss covering and withdrawal of reserve, the Company's remainder after-tax profit shall be distributed to shareholders in proportion to the shares held by them, unless otherwise stipulated in the Articles of Association.

Should a shareholders' general meeting, in violation of the previous paragraph, distribute profits to shareholders before covering of losses and withdrawal of statutory reserve, the shareholders must return to the Company the profits distributed in violation of the regulations.

The Company's shares held by the Company shall not be included in profit distribution.

Article 157 The Company's reserve shall be used to cover the Company's losses, expand its production operations or increase its capital. However, capital reserve shall not be used to cover the Company's losses.

Should the statutory reserve be converted to capital, the remainder amount of such reserve shall not be lower than 25% of the Company's registered capital before conversion.

Article 158 The basic principles of the Company's profit distribution policy:

- (1) The Company fully considers the return to investors and, annually, allocates dividends to shareholders according to the regulated proportion of distributable profit in the consolidated statements realized in the very year. Should previous losses have yet to be covered, the amount after losses covering shall be taken as the base amount for calculating the profit distribution proportion;
- (2) The Company's profit distribution policy shall be kept continuous and stable, while giving concurrent consideration to the Company's long-term interest, all shareholders' overall benefits and the Company's sustainable development; and
- (3) The Company gives priority to cash dividends as a profit-distribution method.

The specific policies for profit distribution of the Company are as shown below:

- (1) Form of profit distribution: The Company distributes dividends in the form of cash, stock or the combination of cash and stock. The Company may execute mid-term profit distribution should the circumstances permit.
- (2) Specific conditions for and proportion of cash dividends of the Company:
Except under special circumstances, the Company allocates dividends in cash if the Company makes profits and the accumulative undistributed profit is positive in the very year; and the profit distributed in cash is no less than 30% of the distributable profit in the consolidated statement annually.

Special circumstances refers to the Company will make major investments (major investments indicate the invested amount exceeds RMB500 million) in the current year, the Company's asset-liability ratio is more than 80% and other circumstances under which the Company's Board of Directors and shareholders' general meeting approve not to allocate profit through special

resolution.

(3) Conditions for the Company to grant stock dividends

When the Company enjoys sound operations, and the Board of Directors considers the Company's stock prices do not correspond to the Company's capital stock scale and the granting of stock dividends is beneficial for the overall benefits of the Company's shareholders, then the Company may bring forward the preplan for the distribution of stock dividends under the circumstance of meeting the abovementioned conditions for cash dividends.

The procedures for deliberating the Company's profit-distribution plan:

- (1) The Company's profit distribution plan shall be drafted by the Company's senior executives before being submitted to the Company's Board of Directors and Board of Supervisors for deliberation. The Board of Directors shall fully discuss the rationality of the profit-distribution plan, and form special resolution before submitting the resolution to the shareholders' general meeting for deliberation.
- (2) Should the Company be unable to execute cash dividends for reason of the aforesaid special circumstances in this article, the Board of Directors shall give a specific description of the particular reasons causing the non-distribution of cash dividends, the exact purpose of the Company's retained benefit and the predicted investment yield, etc. The special description, after obtaining the independent directors' opinions, shall be submitted to the shareholders' general meeting for deliberation and be disclosed at the media specified by the Company. The Company shall also state the aforesaid contents in its annual report in detail.

Implementation of the Company's profit-distribution plan:

After the shareholders' general meetings of the Company passes resolution on the profit-distribution plan, the Company's Board of Directors shall complete the distribution of dividends (or shares) in two (2) months after the holding of the said meeting.

In case any shareholder occupies the Company's capital in violation of rules, the Company, when distributing profit, shall deduct the capital occupied by this shareholder from the cash dividends to be distributed to this shareholder.

Article 159 **Change of the Company's profit distribution policy:**

The Company may adjust its profit-distribution policy should the Company encounter force majeure such as war and natural disasters, etc., or the Company's external operation environment change and such change materially affects the Company's production operations, or the Company's own operation condition change greatly.

Should the Company adjust the profit-distribution policy, the Board of Directors shall give a special demonstration, expound the reasons for adjustment in detail and form written demonstration reports, which shall be examined by independent directors and passed by the shareholders' general meeting in the form of a special resolution. When the change of the profit-distribution policy is deliberated, the Company may provide online voting method to the shareholders.

Section 2 Internal Audit

Article 160 The Company shall implement an internal-audit system and appoint full-time auditors to carry out internal auditing and supervision of the Company's fiscal revenue and expenditure and economic activities.

Article 161 The Company's internal-auditing system and the internal auditors' responsibilities shall be approved by the Board of Directors before being implemented. The auditor in chief shall be responsible to and report to the Board of Directors.

Section 3 Engagement of Accounting Firm

Article 162 The Company shall employ an accounting firm that has obtained the "qualification for engaging in securities-related businesses" to audit the Company's accounting statements, verify net assets and provide other related consulting deputies, etc. The employment term is **one (1) year** and may be renewed after expiration.

Article 163 The Company's employment of the accounting firm must be proved by the shareholders' general meeting. The Board of Directors shall not appoint any such firm before the resolution of the shareholders' general meeting.

Article 164 The Company guarantees to provide authentic and complete accounting vouchers, account books, financial and accounting statements as well as other accounting materials to the accounting firm employed, and shall not refuse to provide or attempt to conceal the aforesaid or give false information.

Article 165 The audit fees of the accounting firm shall be determined by the shareholders' general meeting.

Article 166 Should the Company intend to dismiss or not to continue with the employment of the accounting firm, it shall notify the said firm **thirty (30)** days in advance. When the shareholders' general meeting votes on the dismissal of the accounting firm, the firm concerned is allowed to state its opinions.
Should the accounting firm propose to quit, it shall state to the shareholders' general meeting whether or not there is anything inappropriate circumstances in the Company.

Chapter 10 Notice and Announcements

Section 1 Notice

Article 167 The Company's notices shall be sent by the following means:

- (1) By hand;
- (2) By mail;
- (3) By telephone;
- (4) By announcement;
- (5) Via Company's website;

- (6) By other means prescribed in the Articles of Association.
- Article 168 A notice sent by the Company by announcement, once announced, shall be deemed as received by all related personnel.
- Article 169 The notice concerning the Company's holding of shareholders' general meetings shall be sent by hand or announcement.
- Article 170 The notice concerning the Company's holding of the Board of Directors' meetings shall be sent in writing, by telephone, by email.
- Article 171 The notice concerning the Company's holding of the Board of Supervisors' meetings shall be sent in writing, by telephone, by email.
- Article 172 Notices sent by hand shall be deemed effectively served on the day when the addressee signs (or seals) the receipt; notices sent by mail shall be deemed effectively served on the fifth working day upon its delivery to the post office; and the notices sent by announcement shall be deemed effectively served on the date of its first publication, Notices sent by email shall be deemed effectively served when the email arrives at the information system of the addressee, and notices via telephone shall be deemed effectively served when the addressee answers the telephone.
- Article 173 Should any notice of a meeting fail to be delivered to any person entitled to receive such notice or such person fail to receive the notice of the meeting, the meeting and the resolutions adopted therein shall not become invalid thereby.

Section 2 Announcements

- Article 174 The Company designates **China Securities Journal, Shanghai Securities News** and the official website of Stock Exchange (**www.sse.com.cn**) as the media for publishing the Company's announcements and other information to be disclosed.

Chapter 11 Merger, Division, Capital Increase, Capital Decrease, Dissolution and Liquidation

Section 1 Merger, Division, Capital Increase and Capital Decrease

- Article 175 The merger of the Company may take the form of either merger by absorption or merger by consolidation.
One company absorbing another company is merger by absorption, and the company absorbed shall be dissolved. Two companies merged to establish a new company is merger by consolidation, and both parties merged are dissolved respectively.
- Article 176 In the event of the Company's merger, the parties involved in the merger shall sign a merger agreement and prepare balance sheets and property lists. The Company, from the date when the resolution on merger is made, shall notify its creditors within ten (10) days and publish an announcement in China Securities Journal and

Shanghai Securities News within thirty (30) days. The creditors may require the Company to discharge debts or provide corresponding guarantees for such debts within thirty (30) days after receiving the notification or within forty-five (45) days from the date of the announcement should notification be received.

Article 177 In the event of the Company's merger, the obligatory rights and debts of all the merging parties shall be inherited by the subsisting company or the company newly established after the merger.

Article 178 Where the Company is divided, its property shall be separated accordingly. In the event of division, the Company shall prepare balance sheets and property lists. From the date the resolution on division is made, the Company shall notify its creditors within ten (10) days and shall publish an announcement in China Securities Journal and Shanghai Securities News within thirty (30) days.

Article 179 The Company's debts prior to the division shall be assumed jointly by the companies arising from the division, unless otherwise stipulated in the written agreement reached by the Company before its division with its creditors on the discharge of debts.

Article 180 For decreasing its registered capital, the Company must prepare balance sheets and property lists.

From the date the resolution on the decrease of registered capital is made, the Company shall notify its creditors within ten (10) days and shall publish an announcement in China Securities Journal and Shanghai Securities News within thirty (30) days. The creditors are entitled to request the Company to discharge the debts or provide corresponding guarantees for such debts within thirty (30) days after receiving the notification or within forty-five (45) days from the date of the announcement should no notification be received.

The Company's registered capital after capital decrease shall not be lower than the minimum amount required by laws.

Article 181 In case the Company's registered items change after its merger or division, the Company shall handle the registration of alteration with the company registration authorities according to the laws. In case of dissolution, the Company shall handle the registration according to the laws. In case of the establishment of a new company, the Company shall handle the registration of company establishment according to the laws.

In case of increasing or decreasing registered capital, the Company shall handle the registration of alteration with the company registration authorities according to the laws.

Section 2 Dissolution and Liquidation

Article 182 The Company may be dissolved for the following reasons:

- (1) The business term regulated in the Articles of Association has expired or other causes in the Articles of Association for dissolution emerge;
- (2) The shareholders' general meeting has adopted a resolution for dissolution;
- (3) Dissolution is required for the Company's merger or division;

- (4) The Company is revoked of its business license, ordered to close or cancelled according to the laws; and
- (5) The Company runs into difficulties in operations and management, and its continuous survival will bring material losses to shareholders' interests and such difficulties cannot be solved by other means. In such case, shareholders holding more than 10% of voting rights may appeal to People's Court to dissolve the Company.
- Article 183 Under the circumstances stipulated in Item (1), Article 182, of the Articles of Association, the Company may survive continuously by amending the Articles of Association.
- Amendment to the Articles of Association according to the regulations of preceding paragraph must be passed by more than 2/3 voting rights held by the shareholders attending the shareholders' general meeting.
- Article 184 Where the Company is dissolved in accordance with the Items (1), (2), (4) and (5) of Article 182 hereof, the Company shall establish a liquidation group within fifteen (15) days since the occurrence of the cause for dissolution to start liquidation. The liquidation group shall consist of directors or the personnel determined by the shareholders' general meeting. Should the Company fail to establish a liquidation group and start liquidation in stipulated, creditors may appeal to People's Court to designate related personnel to form a liquidation group and carry out the liquidation.
- Article 185 The liquidation group shall exercise the following functions and powers during the liquidation period:
- (1) To sort out the Company's property and prepare the balance sheets and property lists;
 - (2) To notify and publish announcements to creditors;
 - (3) To handle the Company's outstanding business related to liquidation;
 - (4) To pay taxes in arrear and those arising from the liquidation;
 - (5) To settle claims and debts;
 - (6) To dispose the Company's remainder property after discharging of debts; and
 - (7) To participate in civil actions on behalf of the Company.
- Article 186 From the date of its establishment, the liquidation group shall notify creditors within ten (10) days and publish an announcement in China Securities Journal and Shanghai Securities News within sixty (60) days. The creditors shall declare creditor's rights to the liquidation group within thirty (30) days after receiving the notification or within forty-five (45) days after the date of the announcement should no notification be received.
- When declaring creditor's rights, creditors shall describe the matters related to such rights and provide related documentary evidence. The liquidation group shall register such rights.
- During the declaration of the creditor's rights, the liquidation group shall not make any repayment to creditors.
- Article 187 After sorting out the Company's property and preparing balance sheets and property lists, the liquidation group shall make a liquidation plan and submit it to

the shareholders' general meeting or People's Court for confirmation.

After payment of the liquidation fee, employees' salary, social insurance premium and statutory compensation, taxes in arrear and repayment of the Company's debts, the Company's remainder property shall be allocated to shareholders in proportion to the shares held by them.

During the liquidation, the Company survives, but shall not develop operating activities unrelated to liquidation. The Company's property shall not be distributed to shareholders prior to discharge according to the foregoing provision.

Article 188 Should the liquidation group discover that the Company's property be insufficient to discharge debts after sorting out the Company's property and preparing the balance sheets and property lists, the liquidation group shall apply to People's Court to declare bankruptcy according to the laws.

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

Article 189 After the liquidation of the Company, the liquidation group shall make a liquidation report, which shall be confirmed by the shareholders' general meeting or People's Court, and shall be reported to the company registration organ to cancel the Company's registration and announce the Company's termination.

Article 190 Members of the liquidation group shall be dedicated to their own duties and fulfill their liquidation obligation according to the laws.

Members of the liquidation group shall not accept bribery or other illegal income by abusing their authorities, and shall not misappropriate the Company's assets.

Should any member of the liquidation group cause losses to the Company or its creditors on purpose or due to gross negligence, this member shall be liable for his liabilities.

Article 191 Upon being declared bankrupt according to the laws, the Company shall implement bankruptcy liquidation according to the laws concerning enterprise bankruptcy.

Chapter 12 Amendments of the Articles of Association

Article 192 Under one of the following situations, the Company shall amend the Articles of Association:

- (1) The Articles of Association contradict any provisions of the amended version of the Company Law or other related laws and administrative regulations;
- (2) Change of the Company's circumstances results in inconsistency with the items set out in the Articles of Association; and
- (3) The shareholders' general meeting decides to amend the Articles of Association.

Article 193 The particulars of the amendments to the Articles of Association adopted at the shareholders' general meeting in the form of a resolution shall be approved by related competent authority where necessary. Should any amendment involve the Company's registered items, the change of registration shall be handled according to the laws.

- Article 194 The Board of Directors shall amend the Articles of Association according to the resolution passed by the shareholders' general meeting on amending the Articles of Association and the related competent authority's examination and approval opinions.
- Article 195 Should the amendments to the Articles of Association need to be disclosed pursuant to the laws and regulations, they shall be disclosed accordingly.

Chapter 13 Supplementary Provisions

- Article 196 Interpretations
- (1) A **“controlling shareholder”** refers to a shareholder who holds more than 50% of the Company's total share capital; or a shareholder though whose proportion of shares is less than 50%, the voting rights vested in the shares he holds is enough to produce great influence on a resolution of the shareholders' general meeting.
 - (2) An **“actual controller”** refers to a person who is not the Company's shareholder, but could actually dominate the Company's behavior through investment, agreement or other arrangements.
 - (3) **“Connections”** refer to the relationship between the Company's controlling shareholders, actual controllers, directors, supervisors, senior executives, and the enterprises controlled by them, directly or indirectly, and other relationships that will possibly induce the transfer of the Company's interests. However, connections shall not simply arise among state-holding enterprises when they are held by the states.
- Article 197 The Board of Directors may formulate detailed rules for the Articles of Association in accordance with the regulations herein. The detailed rules for the Articles of Association shall not conflict with the regulations herein.
- Article 198 The Articles of Association is written in Chinese. Should there be any discrepancy between the Articles of Association and that written in any other language or that of different versions, the latest Chinese version of the Articles of Association and registered with Beijing Municipal Administration of Industry and Commerce shall prevail.
- Article 199 The phrases “more than” and “within” herein for the numbers include the numbers indicated, while the phrases “exceeding”, “less than” and “lower than” exclude the numbers indicated.
- Article 200 The Company's Board of Directors is responsible for the interpretation of the Articles of Association.
- Article 201 Appendixes to the Articles of Association include the Procedural rules for the General Meetings of Shareholders (Appendix 1), Procedural rules for the Board of Directors (Appendix 2) Procedural rules for the Board of Supervisors (Appendix 3).
- Article 202 The Articles of Association shall be implemented from the date it is adopted at the shareholders' general meeting.

Bluestar Adisseo Company
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