

ARTICLES OF ASSOCIATION

(Revised in 2015)

Chapter One General principles

Art.1 In order to protect the lawful interest of the company , shareholders and the creditors and standardize the organization and operation of the company ,This Articles of Association is formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the Company Law) , the security law of the people's republic of china (hereinafter referred to as the security law)and other relevant laws and regulations.

Art. 2 The Company is a stock company limited (hereinafter referred to as the Company) formed in accordance with the Company's Law of china and other relevant laws and regulations.

Establishment of the Company was approved with the document DA ZHENG (1996) NO.121 regarding Approval of Establishing Wafangdian Bearing Company Limited issued by Dalian People's government and the document DA TI GAI WEI FA [1996] NO. 64 regarding Approval of establishing Wafangdian Bearing Company Limited issued by Dalian Committee of Economic System Reform. The Company was established in the way of public subscription ; and was registered and obtained Enterprise Legal Person Business License from Dalian Administrative Bureau for Industry & Commerce, Liaoning, PRC, the number of the business license is “ Da lian industrial and commercial enterprise's law number 6-21020011011996”.

Art. 3 Approved by the Securities Regulatory Commission under the State Council on Feb. 19, 1997, the Company issued its first batch of foreign-owned shares totaling 130,000,000 which were issued especially to foreign investors, and subscribed in the foreign currency and listed in PRC. These shares were listed on the Shenzhen Stock Exchange on MAR. 25th, 1997.

The company's 2006 first extraordinary shareholders' meeting held on Nov.6th ,2006 approved the proposal on transferring the capital public reserves into shares , which the foreign shares listed in domestic add up to 158,600,000 from 130,000,000 , and the current shares transferred can be dealt in the market on Nov. 21th ,2006.

Art. 4 The registered name of the Company:

The Chinese name is: 瓦房店轴承股份有限公司

The English name is: Wafangdian Bearing Company Limited

Art. 5 The address of the company is:

No 1 Bei Gong Ji Street Section One, Wafangdian City , Liaoning Province, PRC

Zip Code : 116300

Art. 6 The registered capital of the Company shall be RMB 402,600,000 Yuan.

Art. 7 The business duration of the company is thirty years.

Art. 8 The chairman of the board of the directors shall be the legal representative of the Company.

Art. 9 All of the asset of the Company are divided into shares with an equal value. The shareholders shall assume liabilities of the Company to the extent of the amount of shares held by them, and the Company shall be responsible for its debts to the extent of all its assets.

Art. 10 As soon as coming into effect, these Articles of Association shall become the binding document for governing the Company's organization and operation ,and the rights and liability relations between the Company and its shareholders ,and between the shareholders. According to these Articles of Association, in accordance with this articles of association , a shareholder can sue the Company, the Company can sue its shareholders, directors, supervisors, Manager and other top management, a shareholder can sue other shareholders and can sue the Company's directors, supervisors, Manager and other top management.

Art. 11 The "other top management " herein means the vice-general manager, secretary of the Board of Directors and the person in charge of the finance of the Company.

Chapter Two Purpose And Scope Of Business

Art. 12 The business slogan is to provide value-added service for customers , create returns for shareholders and create happy life for employees .

Art. 13 After registration in accordance with the relative laws, the business scope of the Company shall be manufacture and sales of bearings, bearing components mechanical equipment, bearing maintenance and technology service,automobile parts and fittings and other related products, lease of mechanical equipment and buildings, and inspection of bearings and other related mechanical equipment and measure instruments.

Chapter Three Shares

Section One Issuing New Shares

Art. 14 The stock of the Company shall be in the form of shares.

Art. 15 The Company issues its shares on the basis of publicity, equality and fairness. Each share carries the same rights and obligations.

If the homogeneous shares issues in the same period , the condition of per share issuing and the price should be identical ; to the shares purchased by any units or person ,every share should pay the same value .

Art. 16 The shares issued by the Company shall be denominated in RMB

Art. 17 The shares issued by the company shall be collectively entrusted by China Securities Registration Co., Ltd., Shenzhen Branch.

Art. 18 The establisher of the company is Wa Fangdian bearing group corporation , the shares subscribed are 200,000,000 shares. After transferring the capital public reserves into shares on Nov.21th,2006, the shares holds by the state shareholder Wa Fangdian Bearing Group Corporation add up to 244,000,000 shares , which are equivalent to 60.6of the total common stocks”.

Art. 19 The sum of shares are 402,600,000 shares , which are all common shares .

Art. 20 The Company or its subsidiaries (including its subordinate enterprises) shall not offer any financial

aid to anyone who has bought or is to buy the shares of the Company in the form of donation, money advance, guarantee, compensation or loan.

Section Two Repurchasing , Increasing or Decreasing Shares

Art. 21 The Company may, based on its business requirements and in accordance with relative laws, ordinances, by means of the resolution of Shareholders' Meeting, increase its registered capital by:

- (1) Issuing shares to the public;
- (2) Nonpublic issuance;
- (3) Issuing bonus shares to the current shareholders;
- (4) Transferring the capital reserves to the share capital;
- (5) In accordance with the laws and administrative regulations and by approval of the securities supervision authorities under the State Council.

Art. 22 According to the Articles of Association, the Company may reduce its registered capital. Any reduction of the registered capital shall be in accordance with the Company Law and other relevant regulations and be subject to the procedures stipulated in these Articles.

Art. 23 According to the laws , administrative laws and regulations ,and this articles of association, the Company may repurchase its shares in the case of:

- (1) Reducing the company's registered capital ;
- (2) Merging with other companies holding shares of the Company;
- (3) Distributing the shares to the employees as a reward ;
- (4) The shareholders dissent the proposals on merging and dividing introduced in the shareholders' meeting and call for the company repurchasing their shares .

Except for the above cases, the Company shall not buy or sell the shares of the Company.

Art. 24 The Company may repurchase its shares in one of the following forms:

- (1) The transaction forms of collectively bidding in the security exchange ;
- (2) Appointed agreement ;
- (3) Other forms approved by the CSRC .

Art. 25 Purchasing the shares due to the terms 1 to 3 of article 23 should be discussed in the shareholders' meeting . the company purchases the shares according the term 1 of article 23 must be wrote off within 10 days , it should be transferred or wrote off within 6 months in the context of term 2 and term 4.

The proportion company purchases the shares according the term 3 of article 23 should not be more than 5% of the sum of shares issued ; the capital for purchasing must be the payout of after-tax profit ; the shares purchased should be transferred to the employee within 1 year .

Section Three Assignment Of Shares

Art. 26 The shares of the Company can be assigned according to law.

Art. 27 The Company shall not accept any pledge of its shares.

Art. 28 The shares of the Company held by the promoter shall not be assigned within one years from the date of establishing of the Company. The shares had been issued before the publicly issued shares shall not be assigned within one year from the date of the Company listing

The directors ,supervisors and top managements should declare to the Company the number and the changes of the Company's shares held by them , the shares assigned every year in their office term should not be more than 25% of the sum of company's shares held by them ,they shall not assign their shares within one year beginning from the dealing day that the company go public. And shall not assign their shares within six months after quitting office.

Art.29 The directors ,supervisors ,top managements and the shareholders holding over 5% shares of the company , the gains got from selling shares bought within 6 months ,or buying the shares sold within 6 months , is belonged to the company , the board meeting will take the returns back . but , in case of the security firms purchasing the remainder stocks, the shares held by them are more than 5% , they are not subject to the restrict of 6 months .

The shareholders will have right to call for the board meeting implementing within 30 days ,if the board meeting can not implement in accordance with the previous terms , or the company can not implement in the schedule , the shareholders can directly sue for the company for the benefit of company to people's court in the name of themselves .

If the directors can not Implement the stipulations in term 1, the accountable directors undertake the related responsibilities according to laws .

Chapter Four Shareholders And Shareholders' Meeting

Section one Shareholders

Art.30 The company establishes a shareholders' list according the certificates provided by the security registration institution , and the list is the sufficient evidence that the shareholders hold the company's shares . Shareholders shall have the rights and interests and assume obligations according to the type of shares held by them. Shareholders holding the same type of shares have the same rights and interests and assume the same obligations.

Art.31 When the Company holds a shareholders' meeting, distributes dividends, liquidate and take part in other action that need confirm shareholders' identity , the convener of Board of Directors or shareholders' meeting shall decide the equity registration date, and confirm the shareholders who are registered after the transaction finishes in the equity registration day have the same rights .

Art. 32 Shareholders of the Company shall have the following rights:

(1)To receive dividends, bonuses or payments by other means according to the shares held;

(2)Apply , call in , preside, attend ,authorize proxy and exert the voting rights according to the relative laws ;

(3) To supervise and put forward proposals or inquiries for the operational activities of the Company;

(4) To transfer, donate or pledge the Company's shares held by them according to relative laws, ordinances, these Articles and other administrative regulating documents;

(5) Refer to this articles of association , shareholders' list , the receipt of liabilities , the minutes of shareholders' meeting , minutes of board meeting , the resolution of supervisory meeting and the financial accounting report ;

(6) When the company terminates or liquidates , the shareholders can distribute the remainder assets with the shares held by them ;

(7) The shareholders who dissent the merging and the dividing , can claim for the company repurchasing their shares ;

(8) The rights stipulated by laws, administrative regulation , department rules and others in this article;

Art.33 When a shareholder asks for reviewing the above mentioned information or getting any materials, he shall provide the written certificates showing the type and number of shares held by him and the Company can provide such information or materials at his request after confirming his identification.

Art. 34 In case of any violation of the laws and regulations in resolutions of shareholders' meetings and Board of Directors, the shareholders shall have the right to object the validity by a law suit to the people's court.

The process of holding shareholders' meeting and board meeting , voting forms disobeying the law , administrative regulations and this articles of association , or the resolutions against the articles of associations , the shareholders have right to apply for removing them through the people's court within the 60 days after the resolutions made .

Art. 35 The shareholders solely or collectively holding 1% of company's shares over 180 days consecutively have rights to literally apply for board of supervisors to charge with the directors and top managements who disobey the law , administrative regulations or this articles of association and make loss on the company during their office term ; the shareholders have rights to literally apply for board meeting to charge with the supervisors who disobey the law , administrative regulations or this articles of association and make loss on the company during their office term .

If the supervision committee or the board meeting refuses to lodge a complaint after receives the literal application stipulated previously , or not to lodge a complaint within 30 days from the day application received , or the situation is urgent that the company could be subject to the hard makeup losses , the shareholders have right to lodge a complaint directly in the name of themselves according the previous stipulations .

Others who violates the company's legal equity and made losses on the company , the shareholders stipulated in the term 1 can directly lodge a complaint according the previous two terms .

Art.36 The shareholders can directly sue for the directors and top managements who disobey law , administrative regulations or this articles of association s and harm the benefit of the shareholders .

Art. 37 Shareholders of the Company shall undertake the following obligations:

(1) To abide by the laws ,administrative regulations and this articles of association s ;

(2) To pay subscription money according to the number of shares subscribed and the method of subscription;

(3) Not to withdraw the shares except in the cases set out in relative laws and regulations ;

(4)Can not abuse the shareholder's right to harm the benefit of the company and other shareholders ; can not abuse the corporate independent status and shareholder's limited responsibilities to harm the obligor's benefits ;

The shareholder abuses the shareholder's rights and makes losses on the company or other shareholders , they could undertake compensating responsibilities .

The shareholders abuse the corporate independent status and shareholder's limited responsibilities , evade the liabilities ,and heavily harm the benefits of the company's obligee ,they could undertake the related responsibilities for the company 's debt .

(5)Other obligations stipulated by the laws ,administrative regulations and this articles of association .

Art. 38 The company's shareholders ,actual controllers can not use the relationship to harm the company's benefits . if make losses on the company due to disobey the regulations , they should undertake the compensating responsibilities .

The shareholders and actual controllers hold the faithful responsibilities for the company and the social public shareholders .

The shareholders should strictly abide by the laws when they practice their rights , shareholders should not use the chances of distributing profits , Assets restructure , external investments , impropriating capital , loan guarantee . etc to harm the valid interest of the company and the social public shareholders ,and can not use their holding status to harm the interest of the company and the social public shareholders .

Section Two The General Rules Of Shareholders' Meeting

Art.40 The shareholders' meeting shall be the powerful constitution of the Company , and shall exercise the following rights and duties:

(1)To decide on the Company's business plans and investment plans;

(2)Elect and change the directors and supervisors occupied by non—employee representatives , determine the remuneration of the directors and supervisors ;

(3)Review and approve the report of board of directors ;

(4)Review and approve the report of board of supervisors;

(5)Review and approve the financial budget plan and financial final ;

(6)Review and approve the profit distribution plan and loss making-up plan ;

(7)To make resolutions on the increase or decrease of the registered capital of the Company;

(8)To make resolutions on issuance of debentures of the Company;

(9)To make resolutions on matters related to merger, de-merger, dissolution , liquidation and change the

structure of the Company;

(10) To amend the Articles of Association of the Company;

(11) To make resolutions on engaging or disengaging certified public accountants;

(12) Review and approve the guarantee items stipulated in the article 41 ;

(13) Review and approve the items purchased and sold the significant assets within 1 year which exceed the 30% of the latest audited total assets ;

(14) Review and approve the change in purpose of using the financing capital ;

(15) Review the equity incentive plan ;

(16) To review other matters stipulated by relative laws, ordinances, administrative regulation and these Articles which are approved by shareholders' meeting .

Art.41 The following guarantees should be reviewed and passed by the shareholders' meeting :

(1) Any other guarantees which the external guarantees of the company and its subsidiaries amount to or exceed the 50% of the latest audited net assets ;

(2) Any other guarantees which the external guarantees of the company amount to or exceed the 30% of the latest audited net assets ;

(3) The guarantees providing for the company which asset-liability ratio excesses 70%;

(4) The guarantee which the each amount exceed 10% of the latest audited assets ;

(5) The guarantees providing for the shareholders ,actual controlling people and the relative party .

Art. 42 Shareholders' meetings are composed of annual meetings and extraordinary meetings. An annual meeting shall be convened at least once every year, and hold within the first six months after the end of each fiscal year.

Art. 43 An extraordinary Shareholders' meeting shall be convened within two months under any of the following situations:

(1) The number of directors are less than 2/3 of the numbers stipulated in company's laws and this articles of association ;

(2) The company's losses which have not been made up reach one-third of its paid-up share capital ;

(3) The application by the shareholders who singly or jointly hold over 10% of the company ;

(4) Whenever the board of directors considers necessary;

(5) Whenever the board of supervisors proposes;

(6) Other situations stipulated by the laws , administrative laws and regulation ,and this articles of association.

Art. 44 The shareholders' meeting holds in the site of the company .

The shareholders' meeting will be held on the spot in the specified meeting place . the company provides the facility by internet to help the shareholders attend the meeting. it is seen as attendance when shareholders attend the meeting in above two methods .

The company legally and availablely confirms the shareholders' status who attend the meeting on the

internet through the internet system and programs of shenzhen stock exchange .

Art. 45 The company will engage lawyer to offer the following legal suggestions and announce before holds the shareholders' meeting :

(1)The summon and procedure of the meeting whether accord to laws , administrative regulations and this articles of association s or not ;

(2) Whether the qualification of the attendee and the convener are legal and available;

(3) Whether the voting procedure and the results are legal and available ;

(4) Give legal suggestions for other relative issues according to the requirement of company .

Section Three The Summon Of the Shareholders' Meeting

Art. 46 Over half of the independent directors have title to propose the board of directors to hold the shareholders' meeting . if the proposal of holding the extraordinary shareholders' meeting is introduced by the independent directors , the board of directors should give the feedback in written form within 10 days after receive the proposal according to the laws , administrative regulation and this articles of association .

The notification will be sent within 5 days after make resolutions of the board of directors when the board of directors agree to hold the extraordinary shareholders' meeting ; and give the explanations and announcements if the board of directors object to holding the extraordinary shareholders' meeting .

Art. 47 The board of supervisors has title to apply for holding the extraordinary shareholders' meeting in written form . the board of directors should give the feedback in written form within 10 days after receive the proposal according to the laws , administrative regulation and this articles of associations .

The notification will be sent within 5 days after make the resolutions of the board of directors when the board of directors agree to hold the extraordinary shareholders' meeting , any changes of original proposal in the notification should be approved by the board of supervisors.

It is viewed as the board of directors is inability to fulfill or default the duty on summon of the shareholders' meeting if the board of directors disagree to hold the extraordinary shareholders' meeting ,or does not feed back within 10 days after received the proposal . in this case , the board of supervisors can hold the meeting themselves .

Art. 48 The shareholders who singly or jointly hold 10% or more shares of the company have title to propose the board of directors to hold extraordinary shareholders' meeting in written form . the board of directors should feed back in written form within 10 days after receive the proposal according to the laws , administrative regulation and this articles of association s .

The notification will be sent out within 5 days after make the resolutions of the board of directors when the board of directors agree to hold the extraordinary shareholders' meeting , any changes of original application in the notification should be approved by the relative shareholders .

The shareholders who singly or jointly hold 10% or more shares of the company have title to propose the board of supervisors to hold extraordinary shareholders' meeting in written form if the board of directors

disagree to hold the extraordinary shareholders' meeting ,or does not feed back within 10 days after received the application .

The notification will be sent out within 5 days when the board of directors agrees to hold the extraordinary shareholders' meeting , any changes of original application in the notification should be approved by the relative shareholders .

It is viewed as the board of supervisors doesn't convene or preside the shareholders' meeting if the board of supervisors doesn't send the notification within the schedule ,the shareholders who consecutively singly or jointly hold over 10% shares of the company exceeding 90 days will have the title to convene and preside the meeting themselves .

Art. 49 The board of supervisors or the shareholders who decide to hold the meeting themselves should inform the board of directors in written form and should be filed in the affiliated branch of CSRC and the Stock Exchange .

The shares held by shareholders who convene the meeting should be no less than 10% of total shares before the shareholders' meeting make the resolutions and the announcements .

The shareholders who convene the meeting should submit the relative proving files to the affiliated branch of CSRC and the Stock Exchange before send out the meeting notification and make the resolutions and the announcement .

Art. 50 The board of directors and the secretary of the directorate should collaborate each other when the board of supervisors or the shareholders hold the meeting themselves, and the board of directors should provide the shareholders' list in the equity registered day .

Art. 51 The necessary expense of holding meeting should be paid by the company when the board of supervisors or the shareholders hold the meeting themselves .

Section Four The Notification And The Proposals Of The Shareholders' Meeting

Art. 52 The shareholders' meeting holds the accountable for the contents of proposal such as the definite topics and concreted resolutions which accord to the laws ,administrative regulations and the articles of associations .

Art. 53 The board of directors ,board of supervisors and the shareholders who singly and jointly hold over 3% shares of the company have the title to put forward proposals in the shareholders' meeting .

The shareholders who singly and jointly hold over 3% shares of the company can put forward the extraordinary proposals and submit to the convener in written form 10 days before holding shareholders' meeting . the convener should sends out the supplementary notification and announce the contents of extraordinary proposals within 2 days after receives the proposals .

In addition to the cases mentioned in above articles , the convener can't revise the proposals listed in the notification ,and add new proposals .

The shareholders' meeting should not vote and make the resolutions if the proposals are not listed in the notification and don't accord to the article 52 of the articles of association .

Art. 54 The convener should inform the shareholders by announcement 20 days before holds the annual shareholders' meeting ,and the notification of extraordinary shareholders' meeting will be sent out to the shareholders 15 days before holds the meeting .

Art. 55 The notification should include items as follows :

(1)The time ,meeting place and the term ;

(2)The proposals and the items of the meeting ;

(3)Make a statement with clear words that all the shareholders shall have the right to attend the shareholders' meeting , and may appoint a proxy to attend and vote in written form. Such proxy of shareholders may not be the shareholder of the Company;

(4)The equity registration day that the shareholders have the right to attend the shareholders' meeting;

(5)The name and telephone number of the standing liaison person for the meeting.

Art. 56 The notification of the shareholders' meeting should include the details of the candidates of directors and supervisors if the shareholders' meeting involves in the voting items, and need at least include followings:

(1)The personal status such as the background of education , working experience and the part-time work ;

(2)Whether be associated with the company , the actual holding shareholders and the actual controller;

(3)Disclose the amount of shares held ;

(4)Whether are punish by the CSRC, Stock Exchange and other relative departments ;

The proposal of voting for every candidate of director and supervisor should be put forward separately except adopt the accumulative voting mechanism to elect directors and supervisors.

Art. 57 Once the notification is sent out, the shareholders' meeting should not be deferred or cancelled , and the proposals listed in the notification should not be cancelled if there is no reason. if any , the convener should announce no less than 2 working days before the original day of holding meeting , and give the explanations .

Section Five The Holding Of Shareholders' Meeting

Art. 58 The board of directors and other conveners should take necessary measures to keep the shareholders' meeting order. Take actions to prohibit , and report in time to relative departments for such behaviors as interfering in the meeting , picking a quarrel and violating the interests of shareholders .

Art. 59 All the shareholders and proxies who are listed in the registered date are entitled to attend the meeting , and have the title to vote according to the relative laws , regulations and this articles of association .

The shareholders can attend the meeting personally , or authorize proxies to present and vote .

Art. 60 An individual shareholder attending shareholders' meetings shall show his personal identification card , the valid certificates , and the stock account card . If he appoints a proxy to attend the meeting, the proxy shall show his personal identification card and the authorized power of attorney .

For legal-person shareholders, the legal representative or his authorized representative shall attend shareholders' meetings. A legal representative attending the meeting shall show his personal identification card, the valid certificate showing his legal representative qualification. If the legal representative appoints a proxy, the proxy shall show his personal identification card, the power of attorney offered by the legal representative .

Art. 61 The power of attorney issued by a shareholder for a proxy to attend a shareholders' meeting shall indicate:

(1) Name of the proxy;

(2) Whether have the voting right;

(3)The indications which respectively facilitate to approve , object and abstain the proposals listed in the meeting agenda ;

(4) The signature date and valid period of the power of attorney;

(5) Signature (or seal) of the authorizer. If he is a legal person, it should be stamped the official seal.

Art. 62 The power of attorney should indicate that the proxies can vote on them own judgment if the shareholder does not make a definite indication .

Art. 63 If the power of attorney for voting is signed by other peoples authorized by the authorizer, the power of attorney or other authorizing documents shall be subject to public notarization. The notarized power of attorney or other authorizing documents together with the power of attorney for voting shall be delivered to the location of the Company or other place specified in the meeting notification .

If the authorizer is a legal person, a representative authorized by its legal representative or its Board of Directors or other decision-making mechanism can attend shareholders' meetings.

Art. 64 The attendance registration book of the meeting shall be prepared by the Company. The book shall detail such items for each attendant as name (or unit name), ID card number, address, the number of shares held or represented in voting right and name (or unit name) of the authorizer.

Art. 65 The convener s and the lawyers engaged by the company should verify the validity of the shareholder's qualification in accordance with the list of shareholders provided by the registered and settled institution of stock , and register the names of shareholder and the amount of shares which have the title to vote . the registration of meeting should be terminated before the presider of meeting announce the number of shareholders and proxies attending this meeting and the amount of shares which have the title to vote .

Art.66 All the directors ,supervisors and the secretary of directorate should attend the meeting , the general manager and other top managements should also participate.

Art. 67 The shareholders' meeting should be presided by the chairman . If the chairman is unable to perform his duties or default his duties , the vice chairman (if the company has two or more vice chairmen , a

vice chairman who is elected by over half of the directors should preside the meeting)preside the meeting ;if vice chairman is unable to perform his duties or default his duties , a director who is elected by over half of the directors should preside the meeting .

The supervisory committee can convene the shareholders' meeting themselves , and preside by the chairman or the vice chairman of the supervisory committee if the chairman is unable to perform his duties or default his duties , if vice chairman is unable to perform his duties or default his duties , a supervisor who is elected by over half of the supervisors should preside the meeting .

If the shareholders' meeting is convened by the shareholders themselves , the conveners should elect a representative as presider .

If the presider violates the Assembly Principle and makes the meeting can't continue , the shareholders' meeting can elect a person as presider to resume the meeting if over half of the shareholders presented agree .

Art. 68 The company stipulates the assembly principle and the holding and voting procedures of the shareholders' meeting including notification , register , reviewing the proposals , voting , calculating the vote , announcement of the voting results , forming of the resolutions , records of meeting and the signature ,announcements ,etc. and the authorization' principle of shareholders' meeting to board of directors which should be definite and concrete . As the attachment of articles of association the assembly principle of shareholders' meeting should be proposed by the board of directors and approved by the shareholders' meeting .

Art. 69 The board of directors and the supervisory committee should make report to the shareholders regarding the working of last year in the annual shareholders' meeting ,and every independent director should also make a report of their work .

Art.70The directors ,supervisors and top managements should give explanations to the inquiry and suggestions of the shareholders .

Art. 71 The presider should announce the shareholders presented , the number of proxies and the amount of shares which have the right to vote before vote for the proposals , he shareholders presented , the number of proxies and the amount of shares which have the right to vote should be according to the registered documents of meeting .

Art.72 The shareholders' meeting should have minutes , and the secretary of directorate holds the accountable for it . the contents of minute includes as follows :

(1)Meeting's time , place of meeting , agenda and the names or title of convener ;

(2)The presider and the names of directors ,supervisors , manager and other top management in presented ;

(3)The number of shareholders and deputies attended this meeting, the amount of shares which have the title to vote , and its proportion to the company's total shares .

1)The amount of shares with the voting rights held by the internal capital shareholders (including proxies)

and the foreign capital shareholders (including proxies) presented , and the respective proportions to the company's total shares .

2)The amount of shares with the voting rights held by the current shareholders (including proxies) and the non-current shareholders (including presented) presented , and the respective proportions to the company's total shares .

(4)The course of reviewing , points of speaking and the resolutions for every proposal , and the resolutions should indicates as follows :

1)The situations of every proposal voted by internal capital shareholders and foreign capital shareholders ;

2)The situations of every proposal voted by current shareholders and non-current shareholders .

(5)The inquiry and suggestions of shareholders ,and the explanation and response ;

(6)Names of lawyer , vote calculator and voting supervisor ;

(7) Other contents of the meeting minute should be recorded in accordance with the stipulations of this articles of association .

Art. 73 The convener should guarantee the record of meeting true , accuracy and integrity . the record should be signed by the directors ,supervisors , secretary of directorate ,convener (or representative) and presider . the record of meeting should be saved along with the signature' s booklet of shareholders presented, the power of attorney of deputies , the valid files of voting on internet and on the spot , the keeping term of minute is no less than 10 years .

Art.74 The convener should ensure the shareholders' meeting performing continuously until the resolution is made. If the shareholders' meeting can't be held normally or no resolution is formed because of the force major or unexpected event, and has the obligation to take necessary methods to resume the shareholders' meeting as soon as possible or terminate this meeting directly , and timely announce to the public . in the mean time , the convener should make a report to the branch of CSRC and the stock exchange.

Section Six Voting Of The Shareholders' Meeting And The Resolutions

Art.75 The resolution of shareholders' meeting are composed of general resolution and special resolution .

The general resolutions should be passed by more than half of the voting rights held by Shareholders (including proxies of Shareholders) presented .

The special resolutions should be passed by Shareholders (including proxies of Shareholders) holding more than two thirds of the voting rights presented at the Meeting.

Art. 76 The following items should be passed as general resolutions by the shareholders' meeting :

(1)The working report of directorate and the board of supervisors ;

(2)The profit distributed plan and the loss made up plan proposed by the board of directors ;

(3)Appointing and removing , the recompense and its methods of payment for the member of the

directorate and the supervisors ;

(4)The annual budgetary plan , the financial final ;

(5)The annual report of the company ;

(6)Any other business must be passed as the special resolutions except for the stipulation of the laws ,administrative regulations and this articles of association .

Art. 77 The following items should be passed as special resolutions :

(1)The company increases or decreases the registered capital ;

(2)Merger ,de-merger, dissolution , liquidation and change the structure of the Company;

(3)Amend this articles of association ;

(4)Purchasing ,selling significant assets within 1 year ,or the amount of guarantee exceeding 30% of the last audited assets of the company ;

(5)Equity incentive plan ;

(6)Any other businesses which the laws , administrative regulations and the articles of association stipulate , or the shareholders' meeting view as significant effect on the company and in need of passing by special resolutions.

Art. 78 The shareholders (including attorney) practice their voting right in accordance with the amount of shares which have the right to vote , each share have a voting right .

The shares held by the company don't have the title to vote , and this part of shares exclude from the total shares with voting right presented in the meeting .

Board of directors ,independent directors and other shareholders in accordance with the relative conditions can collect the shareholders' voting right .

Art. 79 At Shareholders' Meeting, the Associated Shareholder shall not vote on Associated Transactions, and the shares with voting rights represented by the Associated Shareholder shall exclude from the number of total valid voting shares. The announcement of resolution of the Shareholders' Meeting shall fully disclose the voting from Non-Associated Shareholders.

Art. 80 Under validity and legislation of the shareholders' meeting ,the company can take many measures, including the modern technical methods such as voting on the internet, to facilitate the shareholders .

Art. 81 Unless approved by a special resolution at a shareholders' meeting and in the case of crisis ,the Company shall not enter into a contract with anyone other than directors, Manager or other top executives to entrust that person all or a major part of the business of the Company.

Art.82 The candidates of director and supervisor should be approved as proposal by the shareholders' meeting.

(1). Director's nomination methods and procedures

1). The director candidates for the first session board of directors are put forward by the Company sponsors, and elected by the shareholder meeting; when the board of director is transited, the next board of

directors candidates are put forward by the previous board of directors, or by the shareholders mentioned in article eighty-two 1-2, and submitted to the shareholder meeting in proposal way;

2). The board of directors and the shareholders holding or merger holding more than 3% shares which are issued outstanding and have voting shares shall have the right to put forward the proposal of the director candidates.

3). The list of candidates should be passed by the nomination committee of the board of director, then passed by the board of directors

(2). Supervisors 's nomination methods and procedures

1). The first session board of supervisors which are hold by the representative of employees are put forward by the Company sponsors, and elected by the shareholder meeting; when the board of supervisors is transited, the next board of supervisors candidates are put forward by the previous board of supervisors, and submitted to the shareholder meeting and congress of staff and workers in proposal way;

2). The board of supervisors and the shareholders holding or merger holding more than 3% shares which are issued outstanding and have voting shares shall have the right to put forward the proposal of the new supervisors candidates.

The shareholders' meeting could adopt the accumulative voting mechanism when vote for electing the directors and supervisors according to the AOA and the resolution of the shareholders' meeting.

The aforesaid accumulative voting mechanism means that every share has the same voting right for electing the directors and supervisors, and the shareholders can collectedly use the voting right in the course of electing the directors and supervisors. The board of directors should inform the basic status and resumes of candidates to shareholders.

Art. 83 In addition to the accumulative voting mechanism , the shareholders' meeting should vote all the proposals separately . for the same items but in the different proposal , the meeting should vote in accordance with the sequence that proposals put forward . the shareholders' meeting should not lay aside or refuse to vote the proposals other than the special reasons such as force majeure ,etc. , cause that the shareholders' meeting pauses or can't make the resolutions .

Art. 84 The shareholders' meeting couldn't amend the proposals during reviewing the proposals , if any , the amendments are seen as a new proposal ,and can not vote on this meeting .

Art. 85 The same voting right can not but select one method of on the spot , internet or other ways , and adopts the first voting result if have duplicate voting .

Art. 86 Voting with writing down voter's name shall be adopted at shareholders' meetings.

Art. 87 Before voting , the shareholders' meeting should elect two shareholders to calculate and supervise the course of voting . the relative shareholders and proxies can't calculate and supervise the voting if they are associated to reviewing items .

The lawyer , representative of shareholders and supervisors are jointly responsible to calculate and supervise the voting , announce the results on the spot , and record them in the minute .

The shareholders and the proxies of listed company who vote on the web or by other ways have the right

to verify their voting through relative voting systems .

Art. 88 The closing time of shareholders' meeting on site can't be early than on internet or other ways . the presider should announce the voting status and the results of every proposal , and declares whether the voting results are passed or not .

Before declares the results of voting , the relative parties involved in the shareholders' meeting on site , internet or other voting ways , such as listed company , calculator ,supervisor ,major shareholders , net server ,etc. have the accountable for keeping confidential

Art. 89 The shareholders in presence should express one of the following suggestion : approve , object or abstain .

The voting which unwritten , written wrong , the hand writing can't be recognized and the non-voted tickets are seen as abstaining the voting right , if any case mentioned exists , the voting results of shares are viewed as waiver .

Art. 90 If the chairman of the meeting doubt the voting result of resolution, he may check the votes. If the chairman does not check the votes and shareholders or their proxies have any objection to the voting result announced by the chairman, they shall have the right to ask for rechecking of the votes immediately the voting result is announced. The chairman shall recheck the votes at once.

Art. 91 The announcement of resolution of the shareholders' meeting should publish in time , including followings: the number of participating shareholders and proxies, total number of holding shares and the proportion the shares to the total , voting methods , voting result of every proposal and the details of every resolution ; respectively collect and announce the situation on internal capital shareholders and foreign capital shareholders who present and vote .

Art. 92 If a proposal is not approved or the resolution of previous shareholders' meeting is changed in this shareholders' meeting, the Board of Directors should make a special tip in resolution of the shareholders' meeting.

Art. 93 If the shareholders' meeting pass the proposal of electing the directors and supervisors , the new directors and supervisors occupy the post immediately proposal is passed .

Art. 94 The proposal of distributing cash , presenting shares or capital surplus transferring and increasing shares passed by the shareholders' meeting should be exercised the detailed plans within 2 months after the end of shareholders' meeting .

Chapter Five Board Of Directors

Section One Director

Art. 95 A director of the Company is a natural person , and can not occupy the post of director in the following cases :

- (1)No civil activity's ability or restrained civil activity's ability ;
- (2)The people who are condemned for corruption , bribe , misappropriating the property ,appropriating

the property or damaging the socialism marketing economic order ; and expired term of penalty are less than 5 years ; the people who is deprive of the political right for crime ; and expired term of penalty are less than 5 years ;

(3)The people who occupies the director , manager of the company which is subject to bankruptcy and liquidation , have the personal accountable for the bankruptcy ; and it is less than 3 years dated from finishing the company's liquidation ;

(4)The people who occupies the legal representative of the company which is revoked the license and is subject to close due to illegal operation , and has personally accountable for it ; it is less than 3 years dated from the company's license being revoked ;

(5)The people who has significant obligations and must liquidate in the end of term ;

(6)The people who are prohibited to enter into the stock market by the CSRC , and the term of penalty has not expired ;

(7)Other contents stipulated by the laws, administrative regulations and department rules ;

It is inefficacy that election and consignment of the directors disobey this article . the company can dismiss the directors in the cases of the aforesaid items occurring in his post .

Art. 96 Directors shall be elected or replaced by a shareholders' meeting. The term of office of each director shall be three years. A director may be reelected upon the expiration of his term of office. The shareholders' meeting shall not remove without rational reasons a director before the expiration of his term of office.

The term of office of a director shall start from the date when the resolution is passed at the shareholders' meeting and end at the expiration of this office term of this Board of Directors. The former directors can continue to fulfill his duty if his term of office expires and has not elected the successors in time or the successor had been elected but has not occupied his post in accordance with the laws, administrative regulations, department rules and these articles of association.

The directors can pluralized occupied by the general manager the other top managements ,but the number of directors who are pluralized occupied by the general manager other top managements can not exceed the half of the total directors .

The company don't set the employee representative director.

Art. 97 The directors should conform to the laws , administrative regulations and this articles of association , and hold the following responsibilities :

(1)Not to accept any bribe or other illegal income by means of his authority and not to employ the property of the Company;

(2)Not to misappropriate the capital of company ;

(3)Not to keep the Company's assets or capitals in the account in his own name or others' name;

(4)Not to lend the company's capital to others or guarantee for others by the company's properties if it is not in line with the articles of association and be not approved by the shareholders' meeting ;

(5)Not to enter into contracts with company if it is not in line with the articles of association and be not

approved by the shareholders' meeting ;

(6) If not approved by the shareholders' meeting, not to get the company's commercial chances on behalf of themselves or others by means of his authority , not to singly or jointly operate the simultaneous business ;

(7) Not to misappropriate the commission that gain from transaction with the others ;

(8) Not to make bold to disclose the company's confidential information;

(9) Not to impair the company's interests with the associated relationship;

(10) Other faithful obligations stipulated in the laws ,administrative regulations and this articles of association .

The income of directors gained from disobeying this article should be handed over ; if impair the company , the director should compensate it .

Art. 98 The directors should conform to the laws ,administrative regulations and this articles of association , hold the following conscientious obligations :

(1) Each director shall be prudent, earnest and conscientious in exercising the rights and power granted by the Company ensure that all the business activities of the Company comply with the State's laws, regulations and economic policies, not to override the business scope stipulated in the Business License;

(2) To treat all the shareholders fairly;

(3) Realizing the newest information about the operation and management of the Company;

(4) They should sign written confirmation for periodical report of company to ensure that the information disclosed are true ,accurate ,complete ;

(5) Providing the relative files to board of supervisors according to the facts and not to hamper the supervisory committee or the supervisors carrying out their duty ;

(6) Other obligations stipulated in the laws ,administrative regulations and this articles of association .

Art. 99 In case a director fails to attend meetings of the Board of Directors twice in succession and does not authorize an other director to attend, it shall be regarded as default of performance, and the Board of Directors shall propose the shareholders' meeting to remove him.

Art.100 A director may put forward his resignation during his office term, and shall submit a written resignation to the board of directors. And the board of directors should disclose it within 2 days .

If the number of members of the Board of Directors is less than the quorum requirement due to resignation of a director, the former director can continue to fulfill his duty according to the laws ,administrative ,department rules and this articles of association until the successor occupies his duty .

In addition to the case of aforesaid article , the resignation of director is effective after the application is submitted to the board of directors .

Art. 101 When a director put forwards his resignation or be upon expiration of his office term, he should deal with all the transfer procedures to board of directors ,

The faithful obligations assumed by him for the Company and shareholders shall be valid and be not certainly released until the terms of office expires.

The reasonable period mentioned above articles lasts 6 months dated from the validity of resignation and the expiration of duty .

Art. 102 Without regulations by these Articles or legal authorization of the Board of Directors, any director shall not act in his name on behalf of the Company or board of directors. In case it is necessary, under the precondition that a third party reasonably considers that the director is the representative of the Company or the Board of Directors, the director shall declare his standpoint and identification in advance.

Art.103 The directors who disobey the laws ,administrative regulations ,department rules and this articles of association and cause loss on the company should compensate it .

Art.104 The independent directors should implement the stipulations in accordance with the laws ,administrative regulations and this articles of association .

Section Two Board Of Directors

Art. 105 The Company shall establish a Board of Directors which shall be responsible to the shareholders' meeting.

Art. 106 The Board of Directors shall consist of 12 directors.

Art. 107 The Board of Directors shall exercise the following power and duties:

- (1) To convene and to report to the shareholders' meeting;
- (2) To implement resolutions passed at the shareholders' meetings;
- (3) To determine the Company's operational plans and investment proposals;
- (4) To formulate the Company's annual financial budget and financial final;
- (5) To formulate the Company's plans for profit distribution and for making up losses;
- (6) To formulate the Company's plans for the increase or reduction of registered capital, the issuance of bonds or other debentures and the listing of securities by the Company;
- (7) To formulate schemes for substantial purchasing or repurchasing the Company's stock and for the Company's merger, de-merger and dissolution;
- (8) In the scope authorized by shareholders' meeting to decide the external investment , purchase or sell assets , mortgage of assets , external gurantee , consignment to financing , associated items ,etc .
- (9) To determine the organization of the internal management structure of the Company;
- (10) To appoint or remove the general Manager and board secretary of the Company and, pursuant to nominations by the Manager, to appoint or remove the vice- Managers, personnel responsible for financial management and other senior executives of the Company and decide on their remuneration and award and penalties;
- (11) To formulate the general management system of the Company;
- (12) To formulate proposals for amendment to the Articles of Association of the Company;
- (13) To manage the information disclosure of the Company;
- (14) To make proposals to the shareholders' meetings for engaging or disengaging the accounting firm

for the Company' audit;

(15) To listen to the report of general manager and check up his work;

(16) Other duties stipulated in the laws , administrative regulations and this articles of association .

Art. 108 The Board of Directors of the Company shall make explanation to the shareholders' meeting about the audit report with reservation opinions which are made by registered auditors regarding the Company's financial report.

Art. 109 The board of directors make the assemble principles to ensure that the board of directors carry out the resolutions , enhance working efficiency and the make scientific decision.

As the attachment of articles of association , The assemble principles of directorate are proposed by the board of directorate and approved by the shareholders' meeting .

Art. 110 The company should make a authorization for external investment , purchase or sell assets , mortgage of assets , external guarantee , consignment to financing , associated items , establish rigid examining and decision-making procedures ; the significant project should be verified by relative professional or specialists and be approved by the shareholders' meeting .

The board of directors have decision-making right to following items :

(1)The project investment , purchase or sell assets , assets mortgage and entrusting financing management under 10% of the company's total assets ;

(2)The associated transactions which total amount of transactions are less than 3000 RMB0000yuan and lower than 5% of the latest audited net assets of the listed company .

Art. 111 The Board of Directors shall be consist of one chairman and one vice-chairman who should be elected by more than one-half of all directors.

Art. 112 The chairman of the Board of Directors shall exercise the following power:

(1) To preside over the shareholders' meetings and to convene and preside over the meetings of the Board of Directors;

(2) To monitor the implementation of resolutions of the Board of Directors;

(3) Other duties granted by the board of directors .

Art. 113 The vice-chairman assist the chairman to work . When the chairman is unable or default to perform his duties, the vice-chairman holds the duties; when the vice-chairman is unable or default to perform his duties, over half of directors should elect a director to perform the duties .

Art. 114 board of directors should be held two or more every year ,and be convened by the chairman , the written notification of meeting should be sent out to all the directors and supervisors 10 days before holds the meeting .

Art. 115 The shareholders represent 1/10 or more of the voting right , 1/3 of the directors or supervisors can propose to hold the extraordinary meeting . the chairman should convene and preside over the meeting within 10 days after receive the suggestion .

Art. 116 The notification of holding extraordinary board of directors are sent out by fax or other ways in

written form ; the term of notification is 5 days before holds meeting .

Art. 117 The notification of the board meeting shall cover the following points:

- (1) Time and place of the meeting;
- (2) Time length of the meeting;
- (3) Agenda of the meeting;
- (4) Date of issuing notice.

Art.118 The board of directors need the half of directors to present . The resolution made by board of directors should be approved by half of all the directors .

The vote adopt each director has one voting right .

Art. 119 The directors who involves in the associated items of board of directors can not vote for this proposal and not authorize other directors to vote . the board of directors hold if only the half of non-associated directors present , the resolutions are passed if the half of non-associated directors presented approve them . if non-associated directors presented are less than three , it should be submitted to the shareholders' meeting for approval.

Art. 120 The voting methods of board of directors are compose of voting by showing hands and voting by putting down one's name .

Under the prerequisite of ensuring the full expression of the opinions of the directors, the extraordinary board meeting can be held in the form of fax or joint signature , and can make resolution signed by all directors.

Art. 121 Directors shall attend meetings of the Board of Directors in person. Should a director be unable to attend the board meeting, he may authorize another director in written form to represent on his behalf .

The written authorization shall stipulate the name of the deputy, the content of the authorization, scope of his authority and valid period and shall be signed or sealed by the authorizing director(s). The authorized director attending the board meetings shall exercise the power of the director in the scope of authorized rights.

In case the director neither attends nor entrusts another director to attend the meeting, he shall be deemed to have waived his voting rights at that meeting.

Art. 122 The board of directors should collect the discussed items in meeting and write into the meeting record , the meeting record should be signed by all the directors presented .

The meeting record of board of directors should be saved as company's documents , and the keeping term is no less than 10 years .

Art. 123 The following points shall be recorded in the minutes of the board meetings:

- (1) Date and place of the meeting and the person calling for it;
- (2) Directors or proxies attending the board meeting;
- (3) Dgenda of the meeting;
- (4) Main points of the directors' speeches;
- (5) Result of decisions and voting forms (how many votes for, against or absent).

Chapter Six General Managers And Other Top Managements

Art. 124 The Company shall have a general manager who will be appointed or dismissed by the Board of Directors.

The company shall have several vice general Manager who will be appointed or dismissed by the Board of Directors.

The general manager, vice general manager, financial controller, secretary of directorate are seen as the top managements of company .

Art. 125 the cases prohibited to occupy the post of directors in article 95 are applicable to the senior managements .

The faithful obligations in article 97 and the diligent obligations in article 98 (4) ~ (6) are applicable to the top management .

Art.126 Besides director ,the people who occupy other posts in holding shareholders' or actual controller's division can not occupy the post of top managements .

Art. 127 The term of office of the general manager is three years, and it may be reelected upon the expiration of his term of office .

Art. 128 The general manager shall be responsible to the Board of Directors and exercise the following power and duties:

(1)To be in charge of the production, operation and management of the Company and to report his work to the Board of Directors;

(2)To organize the implementation of the annual business plans and investment policies of the Company;

(3)To draft the internal management structure of the Company;

(4)To draft the basic management system of the Company;

(5)To formulate the detailed rules and regulations of the Company;

(6) To propose the appointment and dismissal of the vice general managers and the persons in charge of financial affairs of the Company;

(7) To appoint and dismiss the managerial staff, who are not to be appointed or dismissed by the Board of Directors;

(8)Other power and duties granted by the Board of Directors and Articles of Association.

The general manager also participates the board of directors

Art. 129 The general manager shall formulate the detailed regulations of Manager work which will be put into execution upon the approval of the Board of Directors.

Art. 130 The detailed regulations of work of the general manager shall include:

(1) The conditions , procedure and attendee of the General Manager Meeting ;

(2)The concrete duties and the division of work of General Manager, and other top managerial persons ;

(3)Authorization limits for using the company's fund and assets and entering into the great agreement ,

and the report system to the board of directors and board of supervisors ;

(4) Other matters which the Board of Directors considers necessary.

Art. 131 General manager may hand in his resignation before the expiration of his term of office. The concrete procedure and method of the General Manager's resignation shall be stipulated in the labor contract of the general manager and the Company.

Art.132The vice general manager is nominated by the general manager, and be appointed or dismissed by the board of directors .the vice general manager assists the general manager to work and exercise his duties in the authorized scope .

Art. 133The company should have secretary of directorate who is responsible to prepare for holding shareholders' meeting and board of directors , saving the documents , managing the information of shareholder , and compiling the information disclosure ,etc.

The secretary of directorate should conform to the laws ,administrative regulations , department rules and relative stipulations in this articles of association .

Art.134 The senior managements who disobey the laws ,administrative regulations , department rules and relative stipulations in this articles of association and impair the company when exercise their duty should compensate the loss.

Chapter Seven Board of Supervisors Section

One Supervisors

Art. 135 The cases prohibited to occupy the post of directors in article 95 are applicable to the supervisor .

The directors ,general manager and other top managements can not occupy the post of supervisors .

Art. 136 The supervisors shall abide by relative laws, ordinances, these Articles and other regulating documents, and act with good faith and diligence, And can not accept bribery or the illegal incomes and misappropriate the property of company when exercise their duties .

Art. 137 The term of office of supervisors shall be three years ,and a supervisor may be reelected upon expiration of his term of office.

Art. 138The former supervisors still fulfill their duties according to the laws ,administrative regulations and this articles of association before the successors elected occupy the post of supervisor. if the new supervisors are not reelected in time when the term of office of supervisors expire, or the supervisors resign in the term of office and cause that the member of board of supervisors are less than the quorum.

Art.139 the supervisors should ensure that the information disclosed are true ,accurate and complete .

Art. 140 The supervisors can also participate the board of directors , and can inquire and suggest to the resolutions of board of directors .

Art. 141The supervisors can not harm the interests of company by means of his associated relationship , if any ,they should be accountable for the compensation .

Art. 142 The supervisors who disobey the laws ,administrative regulations , department rules and relative stipulations in this articles of association and impair the company when exercise their duty should be accountable for the compensation .

Section Two Board of Supervisors

Art. 143 The company should have board of supervisors which should be consist of 5 supervisors including a chairman who is elected by over half of all the supervisors . the chairman of board of supervisors convene and preside over the meeting of board of supervisors ; it should be jointly elected a supervisor by over half of all the supervisors to convene and preside over the meeting when the chairman is unable or default to fulfill his duty .

The supervisory committee should include shareholders' deputy and employee's deputy in appropriate proportion which is not less than 1/3 of totals. the employee's deputy should be democratically elected by employee's deputy meeting , employee's meeting or other ways .

Art. 144 The board of supervisors exercise following duties :

(1)To verify the periodical report compiled by the board of directors and give the suggestions in written form ;

(2)To examine the financial affairs of the Company;

(3)Supervise the directors and top managements their duty , dismiss the directors and top managements who disobey the laws ,administrative regulations and resolutions of shareholders' meeting;

(4)Ask the directors and top managements to correct their behaviors that harm the interests of company ;

(5)Propose to hold extraordinary shareholders' meeting , and convene and preside over the shareholders' meeting when the board of directors refuse to fulfill the duties stipulated in the Company Law;

(6)Put forward the proposals of shareholders' meeting ;

(7)Accuse of the directors and top managements according to the article 152 of Company Law;

(8)Inspect the company if there is any abnormal operating situation ; if necessary ,engage the professional institutions such as accounting firms and lawyer firms to assist them to work , and the compensation should be charged with the company .

Art.145 board of supervisors hold once every six months at least . The supervisors can propose holding of the extraordinary board of supervisors .

The resolutions of supervisory committee should be passed by over half of all the supervisors .

Art. 146 The board of supervisors should make the assemble principle to ensure the board of directors carry out the resolutions , enhance working efficiency and make scientific decision .

As the attachment of articles of association ,the assemble principle of board of supervisors should be proposed by the as the attachment of articles of association and be approved by the shareholders' meeting .

Art. 147 The board of supervisors should make the meeting minute for the discussed items , the meeting minute should be signed by all the supervisors presented .

The supervisors have right to make explanative record for the minutes regarding their speaking in the meeting .and the meeting record of for the minutes should be saved as company's archives , and the keeping term is no less than 10 years .

Art. 148 The notification of the for the minutes shall cover the following points:

- (1) Time, place and term of the meeting;
- (2) Reason and proposals of the meeting;
- (3) Date of issuing notice.

Chapter Eight Financial And Accounting System , Profit Distribution And Audit

Section One Financial And Accounting System

Art.149 The Company shall establish its financial accounting system in accordance with the laws, statutory regulations and relevant government policies.

Art. 150 The company should send out the annual financial and accounting report to CSRC and Security Exchange within 4 months at the end of every fiscal year , send out the half year financial and accounting report to CSRC and Security Exchange within 2 months before 6 months to the end of every fiscal year , send out the quarterly financial and accounting report to CSRC and Security Exchange within 1 months before 3 months and 9 months to the end of every fiscal year .

The compilation of above financial and accounting report should be in accordance with the laws ,administrative regulations and department rules .

Art. 151 The Company shall not have any other books of accounts other than those provided according to laws. The assets of the Company shall not be deposited by any individual.

Art. 152 The company should withdraw 10% of the profits as statutory public reserve when the company distributes the after-tax profits . the statutory public reserve should be no longer withdrew if the accumulated amount of statutory public reserve up to 50% or more of the company's registered capital .

The loss of previous year which are not sufficiently made up by statutory capital reserve should be made up by this year's profits before withdraws the statutory public reserve according to the aforesaid provisions .

The company can withdraw the discretionary common reserve fund upon the approval of shareholders' meeting after withdraws the statutory public reserve from the after-tax profits .

The remainder of after-tax profits after making up the loss and withdrawing the public reserve should distribute in accordance with the proportion of share held by shareholders except the cases that distribution is not according to the proportion of share held by shareholders in this articles of association .

If the shareholders' meeting disobeys the previous article , distributes the profits before make up loss and withdraws the legal public reserve , the shareholders must return those profits to company .

The company's shares held by themselves can't take part in profits distribution.

Art. 153 The public reserve are used to make up the Company's losses, expand the production and operation of the Company or increase the capital of the Company, but the capital public reserve can not be

used to make up the loss of company .

If the legal public reserve transfer to the capital , the remainder can not be less than 25%of the originally registered capital .

Art. 154 The directors should finish the distribution of dividends (shares) within 2 months after the shareholders' meeting closed if the shareholders' meeting made the resolution of profits distribution.

Art. 155The profits after tax should be distributed as follows :

If the after-tax profit of the Company has any discrepancies according to the audit reports based on Chinese Accounting Standard and International Accounting Standard, the distribution policy shall be based on the lower figure of the after-tax profits for distribution and shall be distributed in the following order:

(1) Making up losses of the previous year;

(2) Withdrawal of the statutory public reserve fund (10%);

(3) Withdrawal of the random reserve fund (to be passed by the resolution of the shareholders' meeting.);

(4)The company should actively distribute the after-tax profits which are the remainder after withdraw according to the aforesaid article (1) ~ (3). the profit distributed by cash should be according to the requirements of CSRC. If necessary to the operation of company, the company could not distribute the profits, and explain it in the periodical report .

Section Two Internal Audit

Art. 156 The Company shall set up an internal audit system and set up its internal audit unit with relevant internal audit staff, which shall perform the internal audit and control over the Company's financial and economic activities.

Art.157 The internal audit system and the auditor's duties of the Company shall be executed upon approval of the Board of Directors. The person in charge of the audit shall be responsible to the Board of Directors and report the audit work to the board.

Section Three The Engagement Of The Certified Public Accountants

Art.158 The Company shall appoint a certificated public accountants, who has got "qualification for securities related business" to carry out such business as the audit of account reports and statements, the identification of net assets, consulting service, etc. The term of appointment is one year. And can be re-engaged.

Art.159 The appointment of certificated public accountants of the Company shall be decided by the shareholders' meeting. The board of directors can not appoint certificated public accountants but the shareholders' meeting make decision .

Art.160 The company should guarantee that the certificated public accountants engaged provides true and complete accounting voucher , accounting book-keeping , financial and accounting report and other

accounting documents , and be not to refuse , obscurity and offer cheated information .

Art.161 The remuneration of the certificated public accountants shall be decided by the shareholders' meeting .

Art.162 If the Company dismisses or ceases to appoint the certificated public accountants, it must notify the certificated public accountants 30 days in advance. The certificated public accountants could state the opinions If the shareholders' meeting vote for removing the certificated public accountants .

The certificated public accountants, which hands in its resignation, shall explain to the shareholders' meeting, whether the Company has improper activities.

Chapter Nine Notices And Announcements

Section One Notification

Art.163 The Company shall use the following methods to send out notification:

- (1) By some person;
- (2) By mail;
- (3) By announcement;
- (4) By other forms stipulated in the Articles of Association of the Company.

Art.164 The notification made by the Company with public announcement shall be deemed to have been received on the announcement is published.

Art.165 The notification of the shareholders' meeting of the Company shall be made by public announcement.

Art.166 The notification of the board meeting shall be sent out by Fax or other ways in written form ,etc.

Art.167 The notification of the meeting of board of supervisors shall be sent out by Fax or other ways in written form ,etc.

Art.168 If the notification is sent out by some person, the receiver shall sign (or seal) on the receipt , and the date of signature is the day reserved the notification . If the notification is sent out by mail, the notification is considered to be duly given and it is deemed to have been received on the 5th working day after dispatch; if the notification is made by public announcement, the first day of publishing the announcement will be the received day.

Art.169 If the notification are not sent out to the people who have the right to get them or the people don't receive the notification due to suddenness or omission ,the meeting and the resolutions are still valid .

Section Two Announcements

Art.170 The Company shall use "Securities Times", one Hong Kong Chinese newspaper , one English newspaper and the disclosing web appointed by ShenZhen stock exchange as the medium which publish announcements and other information .

Chapter Ten Merge ,De-merge , Increase Capital ,Decrease Capital ,

Dissolution And liquidation

Section One Merge ,De-merge , Increase Capital And Decrease Capital

Art.171 The merger of the Company can take two types : acquisition type and new establishment type.

It is seen as acquisition if a company acquires other company, and the company acquired is dismissed .
it is seen as establishment if a new company are established by merging two or more companies , and the parts of merger are dismissed .

Art.172 When merger , both parts should enter into a contract ,and work out balance sheet and property's list . The Company shall notify all its creditors within 10 days after the resolution of merger is made by the shareholders' meeting , and shall publish announcements on the appointed medium within 30 days. Creditors have the right to require the Company to pay off the debts or provide the relevant guarantee within 30 days that receives the notification, or in case that the creditors have not received the notification within 45 days from the day of publishing announcement.

Art.173 After merger of the Company, the claims and indebtedness of the merging parties shall be borne by the merged company or newly established company.

Art.174 If de-merger , the property should be divided separately , and the company should work out balance sheet and property's list . The Company shall notify all its creditors within 10 days after the resolution of de-merger is made by the shareholders' meeting , and shall publish announcements on the appointed medium within 30 days.

Art.175 The indebtedness of the Company before its de-merger shall be related borne by the de-merged company according to the agreements concluded ,except that there are additional promise in written form regarding debt's liquidation between the debtors and company before de-merge .

Art.176 The company should work out the balance sheet and property's list if it need decrease the registered capital .

The Company shall notify all its creditors within 10 days after the resolution of decreasing the registered capital is made by the shareholders' meeting , and shall publish announcements on the appointed medium within 30 days. Creditors have the right to require the Company to pay off the debts or provide the relevant guarantee within 30 days that receives the notification, or in case that the creditors have not received the notice within45 days from the day of publishing announcement.

The registered captial after decreasing should not be less than the button of statutory limitation .

Art.177 When the Company is merged or de-merged, all changes in the registration shall be registered according to the registration department of the Company by law. When the Company is dissolved, it should cancel the registration by law. When the new company is established, it should be registered by law.

The company should shall be registered according to the registration department of the Company by law if it increases or decreases the registered capital .

Section Two Dissolution And Liquidation

Art.178 The company is dismissed for following reasons :

(1)The business duration expires or other reasons for dismissing stipulated in this articles of association occur;

(2)The shareholders' meeting decides to dissolve the Company;

(3)The Company is merged or de-merged;

(4)Revoking of licence , charging for close or being repealed ;

(4)When the company' s operation and management are in severe difficulty , the shareholders may be subject to significant loss if the company continue to operate , then the shareholders who hold 10 % of voting right of total shareholders can appeal to the people' s court to dismiss company if other ways can not solve these problems .

Art.179 The company can continue to operate by amending the articles of association if the cases in article 178 occur .

The amendment of articles of association stipulated in previous provisions should be passed by the 2/3 of the shareholders who present the shareholders' meeting with holding rights.

Art.180 The company which dismiss duo to the first item ,second item , fourth item and fifth item of article 178 should establish a liquidation committee to liquidate within 15 days from the day when the reasons for dismissing occur . the liquidation committee is consist of the directors and the people granted by shareholders' meeting . the debtors could appeal to the people's court to establish liquidation committee by appointing relative people if the liquidation committee is not established in the due term .

Art.181 The liquidation committee has authority to perform and exercise the following duties and power during the liquidation process:

(1) To examine the Company's assets and to compile a statement of assets and liabilities and a list of the properties of the Company;

(2)To notify all creditors and to make a public announcement concerning the liquidation;

(3)To handle the unfinished business of the Company to which is related to liquidation;

(4)To settle the unpaid tax and the tax occur in the course of liquidation ;

(5) To clear and settle receivables and payable;

(6) To dispose the Company's residual assets after the payment of all debts;

(7) To represent the Company to sue and be sued.

Art.182 The liquidation committee shall, within 10 days from its establishment, notify all creditors and make public announcements on the appointed medium within 60 days from its establishment .the creditors should report the claims to the liquidation committee within 30 days of receipt of the notification, or in case that the creditors have not received the notification within 45 days from the day of public announcement.

Creditors are required to file their claims with the liquidation committee. and shall specify all matters in relation to their claims with supporting evidence. The liquidation committee shall register the claim filed by creditors.

In the course of reporting the claims , the liquidating committee can not give the claims for liquidation .

Art.183 After examining the Company's assets and preparing the balance sheet, the statement of assets & liabilities and the list of properties the liquidation committee shall submit a liquidation plan to the shareholders' meeting or people's court for approval.

The remainder after deducting liquidation compensation , employees' wages , labor insurance premiums , legal compensation , tax payable and repayment of the debts of company should be distributed to the shareholders in accordance with the proportion of share held .

During the liquidation , the company can continue to operate but the operating activities can not be irrelative to liquidation . the company's property would not be distributed to the shareholders before the liquidating term ordained in aforesaid provisions .

Art.184 If the liquidation committee, after examining the Company's assets, balance sheet, the statement of assets and liabilities and list of properties, find that the Company does not have sufficient assets to discharge all its debts, it shall apply for bankruptcy of the Company to the people's court.

In case the Company has declared bankrupt, the liquidation committee shall transfer the liquidation affairs to the people' s court.

Art.185 After the completion of the liquidation, the liquidation committee shall compile and submit a report to the shareholders' meeting or people's court for approval , and apply for registration authority to cancel the Company's registration and make a public announcement that the Company has been dissolved.

Art.186 Members of the liquidation committee shall perform their duties faithfully and diligently.

They shall not take advantage of their capacity as members of the liquidation committee to accept any bribe, other illicit gains or take possession of any property of the Company.

The members of the liquidation committee shall be liable to compensate the Company for damage caused by their intentional or serious default.

Art.187 The company should be implemented bankrupt liquidation in line with the laws of corporation bankrupt if the company has been declared bankrupt by laws .

Chapter Eleven Amendment Of The Articles Of Association

Art.188 The Articles of Association shall be amended in one of the following situations:

(1) Because of the changes in the Company Law or relevant laws and regulations, some stipulations in the Articles of Association contravene against such relevant laws and regulations;

(2)The conditions of the Company have been changed which differs from the contents of the Articles of Association;

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

Art.189 The resolution for amending the Articles of Association shall be submitted to the original examination and approval authority for approval. The registration procedures for changes shall be dealt with at the original registration and administration office.

Art.190 The board of directors amend the articles of association in accordance with the resolution of shareholders' meeting on amending the articles of association and the examining and approving opinions of relative administrative institutions .

Art.191 If the amendment of the Articles of Association is required disclosure of information according to relevant laws and regulations, it should be announced in public.

Chapter Twelve Miscellaneous

Art.192 Paraphrase

(1)Holding shareholders are shareholder who hold 50 % or more of the total shres of company ; who hold less 50 % of the total shres of company , but the voting right held have significant influence on voting the resolutions .

(2)Actual controllor are the people who is not the shareholder ,but can actual control over the copmany due to investment , contract signed or other arrangements .

(3)Associated relationship is the relationship between the holding shareholders , actual controllor ,directors ,supervisors ,top managements and other people who control over the company directly or indirectly , and other relationships which can lead to transfer company's interests . but there are no relationship among the companis which the state are holding shareholders .

Art.193 The Board of Directors can work out the detailed rules and regulations on the basis of the Articles of Association. But these rules and regulations can not contravene the Articles of Association.

Art.194 These Articles of Association are written in Chinese and English language. In the event of any discrepancy between different languages and versions, the latest Chinese version, unanimously approved by Board of Directors and approved by Shareholders Meeting and registered in Dalian Industrial and Commercial Administrative Bureau for Industry and Commerce shall prevail.

Art.195 In this articles of association ,“above” ,“within ”and“under ”include the original number ; “less than” ,“beyond” ,“under”and “more than ”don't include the original number .

Art.196 The Articles of Association shall be explained by the Board of Directors of the Company.

Art.197 The attachments of articles of association consist of assemble principle of shareholders' meeting , assemble principle of board of directors and assemble principle of board of supervisors .

Art.198 It is valid from the day on shareholders' meeting approve this article of association.