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CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED

中海船舶重工集團有限公司

(Incorporated in the Bermuda with limited liability)

(Stock code: 00651)

PROPOSED ISSUE OF CONVERTIBLE BONDS

Placing Agent



博大證券有限公司
Partners Capital Securities Limited

A letter from the Board is set out on pages 3 to 13 of this circular.

A notice convening the SGM of China Ocean Shipbuilding Industry Group Limited to be held at Units 1702-03, 17/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 18 June 2014, Wednesday at 10:00 a.m. is set out on pages 14 and 15 of this circular.

Whether or not you are able to attend the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

29 May 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Announcements”	the announcements of the Company dated 14 and 15 May 2014 relating to the Placing Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Company”	China Ocean Shipbuilding Industry Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.20 (subject to adjustment) per Conversion Share upon conversion of the Convertible Bonds
“Conversion Share(s)”	the Share(s) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of not more than HK\$1,000,000,000 to be issued by the Company pursuant to the Placing Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a person who is not a connected person of the Company or an associate of such connected person

DEFINITIONS

“Last Trading Day”	14 May 2014, being the last trading day immediately before the entering into of the Placing Agreement
“Latest Practicable Date”	27 May 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the third (3rd) anniversary of the date of issue of the Convertible Bonds
“PRC”	the People’s Republic of China
“Placing Agent”	Partners Capital Securities Limited
“Placing Agreement”	the placing agreement dated 14 May 2014 entered into between the Company and the Placing Agent
“RMB”	renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the Conversion Share
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscriber”	Kingwin Capital Group Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED

中海船舶重工集團有限公司

(Incorporated in the Bermuda with limited liability)

(Stock code: 00651)

Executive Directors:

Mr. CHAU On Ta Yuen (*Chairman*)

Mr. LI Ming

(Deputy Chairman & Chief Executive Officer)

Mr. ZHANG Shi Hong

Mr. WANG San Long

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business

in Hong Kong:

Units 1702-03,17/F

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

29 May 2014

To the Shareholders

Dear Sir or Madam,

PROPOSED ISSUE OF CONVERTIBLE BONDS

INTRODUCTION

Reference is made to the Announcements. On 14 May 2014, the Company entered into the Placing Agreement with the Placing Agent in respect of the issue of the Convertible Bonds in the principal amount of not more than HK\$1,000,000,000.

The purpose of this circular is to provide you with further details on the issue of the Convertible Bonds and the notice of the SGM.

LETTER FROM THE BOARD

PLACING AGREEMENT

1. Parties and Date

Date: 14 May 2014 (after trading hours)

Issuer: The Company

Placing Agent: Partners Capital Securities Limited

Pursuant to the Placing Agreement, the Placing Agent shall use its best endeavours to procure the Subscriber to subscribe for the Convertible Bonds in the principal amount of not more than HK\$1,000,000,000.

To the best of the Directors' knowledge, information and belief, as confirmed by the Placing Agent, each of the Placing Agent and the Subscriber is an Independent Third Party.

2. Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds were arrived at after arm's length negotiations between the Company and the Placing Agent and are summarized as follows:

Principal amount: Up to HK\$1,000,000,000

Interest rate: 7.5% per annum payable annually in arrear (interest to be repaid in RMB based a fixed exchange rate)

Maturity date and redemption: Unless previously redeemed, repurchased and cancelled or converted, any outstanding Convertible Bonds shall be redeemed at its principal amount (plus any accrued but unpaid interests) on the Maturity Date.

Ranking: The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks pari passu among any part thereof and equally with all other present and future unsecured and unsubordinated obligations of the Company.

LETTER FROM THE BOARD

- Conversion: The conversion rights under the Convertible Bonds shall only be exercisable so long as:
- (1) the exercise of the conversion rights under the Convertible Bonds will not result in the relevant holder of the Convertible Bonds, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless:
 - (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code; and
 - (2) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares being held in public hands.
- Conversion period: The holder(s) of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares on any Business Day from the date of issue of the Convertible Bonds up to and including the date falling one (1) day prior to the Maturity Date at the then prevailing Conversion Price.
- Conversion Price: The Conversion Price is initially HK\$0.20 per Conversion Share, subject to customary adjustment for, among other matters, subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distributions and rights issue.
- Adjustment(s) to the Conversion Price will be reviewed either by the auditor of the Company for the time being, a financial adviser or a merchant bank.
- Voting: The holder(s) of the Convertible Bonds will not be entitled to attend or vote at any meeting of the Company by reason only of it being the holder of the Convertible Bonds.

LETTER FROM THE BOARD

- Transfer: Subject to the restricted period described below, the Convertible Bonds are freely transferable at any time during the period from the date on which the Subscriber is registered as the holder of the Convertible Bonds provided that no transfer or assignment of the Convertible Bonds shall be made to any connected person of the Company and its associates without the Company's prior written consent.
- Restricted transfer period: The Company will not register any transfer of Convertible Bonds: (i) during the seven (7) days prior to and including the date of payment of any principal amount in respect of the Convertible Bonds; (ii) after the delivery of a conversion notice by the holder of the Convertible Bonds; or (iii) during the seven (7) days prior to and including the date of interest payment pursuant to the terms of the Convertible Bonds.
- Events of Default: If, among others, any of the following events occurs, the holder(s) of the Convertible Bonds may give notice to the Company that the Convertible Bonds are due and payable at its principal amount:
- (i) the Company fails to pay the principal when due unless non-payment of such amount is due solely to administrative or technical error and payment is made within five (5) Business Days of the due date for the payment thereof; or
 - (ii) the Company defaults in performance or observance or compliance with any of its other obligations set out in the Convertible Bonds which default will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
 - (iii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any part of the undertaking, property, assets or revenues of the Company or its major subsidiaries and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or

LETTER FROM THE BOARD

- (iv) the Company or its major subsidiaries is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or its subsidiaries or the whole or any part of the undertaking, property, assets or revenues of the Company or its subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
- (v) an order is made or an effective resolution passed for winding-up of the Company or any of its major subsidiaries except in the case of winding-up of subsidiaries in the course of internal reorganisation; or
- (vi) suspension of trading of the Shares on the Stock Exchange or a recognised stock exchange for a continuous period of fourteen trading days and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition.

Based on the Conversion Price of HK\$0.20 per Conversion Share, subject to adjustments, a maximum number of 5,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 97.64% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 49.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds in full.

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Company will seek a specific mandate from the Shareholders for the allotment and issue of the Conversion Shares.

LETTER FROM THE BOARD

CONVERSION PRICE

The initial Conversion Price of HK\$0.20 per Conversion Share was arrived at after arm's length negotiation between the Company and the Placing Agent with reference to the past trading prices of the Shares. The Conversion Price equals approximately 89.29% of the average closing prices of the last twenty trading days up to and including the Last Trading Day. The Conversion Price represents:

- (i) a discount of approximately 28.57% to the closing price of HK\$0.28 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 33.33% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on 14 May 2014, being the Last Trading Day;
- (iii) a discount of approximately 21.26% to the average of the closing prices per Share of HK\$0.254 for the last five trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 10.71% to the average of the closing prices per Share of HK\$0.224 for the last twenty trading days up to and including the Last Trading Day.

CONDITIONS PRECEDENT

Completion is conditional upon the fulfillment of the following conditions precedent:

- (i) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds, in accordance with the requirements of the Listing Rules and applicable laws and regulations;
- (ii) the Listing Committee granting listing of and permission to deal in the Conversion Shares;
- (iii) the entering into of a side letter between the Company and the Subscriber that the Subscriber shall have the right to nominate a candidate for appointment as a Director on the Board upon Completion; and
- (iv) all necessary consents and approvals required to be obtained on the part of the Company, the Placing Agent and the Subscriber in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained, and such consents and approvals shall remain valid up to the date of Completion.

LETTER FROM THE BOARD

If any of the above conditions are not fulfilled on or before 31 August 2014 or such other date as the Company and the Placing Agent may agree, the Placing Agreement will cease and terminate and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save in respect of any antecedent breach of any obligation thereof.

COMPLETION

Subject to the fulfillment of the above conditions, Completion shall take place on the tenth (10th) business day after the satisfaction of all of the conditions precedent or such other date as all parties may agree. It is currently expected that Completion will take place within one month after the obtaining of the Shareholders' approval.

REASON FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The gross proceeds from the issue of the Convertible Bonds will be approximately HK\$1,000,000,000. The net proceeds from the issue of the Convertible Bonds, after the deduction of the placing commission as well as legal and administrative expenses, are estimated to be approximately HK\$985,000,000. The Group is principally engaging in shipbuilding related business. At present, the Group's existing facilities allow the Group to construct vessels with displacement of up to approximately 20,000 tonnes. The shipbuilding industry in the PRC has suffered from prolonged recession since late 2008. As a result, many private shipyards were struggling with plummeting orders and soaring debts. While the condition of the shipbuilding industry in the PRC remains difficult in the first half of 2014, based on a steady increase in new orders and building prices since late 2013 and the favourable policies adopted by the PRC government in 2013 to, among other things, mitigate overcapacity, facilitate structural adjustment, and promote corporate mergers, reorganisation and transformation of the shipbuilding industry, the Board believes that the prolonged recession faced by the industry is expected to come to an end in the near future.

The Board currently intends to use the proceeds from the issue of the Convertible Bonds as follows:

- (i) approximately 80% of the net proceeds to fund capital expenditure projects to increase the production capability by, among other things, acquiring or constructing new shipyards near the coast which allows the Group to build ships with a displacement of exceeding 20,000 tonnes and to upgrade the existing production facilities of the Company. While the production capacity of the Group's shipyard did not reach its full capacity during 2013, the Group has secured four orders for heavy lift vessels and six orders for multi-purposes vessels since early 2014 and the Group has been negotiating certain constructing contracts with various parties. In light of the Group's plan to enhance its shipbuilding capability to construct larger vessels which it currently is unable to build, the steady increase in new orders and in anticipation of the further increase in demand when the industry revives, the Board expects that the enhancement and increase of the Group's production capability will enable the Group to capture business growth in the long run. As at the Latest Practicable Date, the Company has not identified any targets to be acquired but the Company will continue to explore; and

LETTER FROM THE BOARD

- (ii) approximately 20% of the net proceeds will be used for general working capital purposes (including repayment of debts).

Taking into account the terms of the Convertible Bonds, the Directors consider that the issue of the Convertible Bonds will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders. Having considered that (i) the interest rate payable on the Convertible Bonds is fair and reasonable as compared with the prevailing interest rates generally offered by banks and financial institutions for similar loan facilities; and (ii) if the Convertible Bonds are exercised, the financial position of the Group will be strengthened with the conversion of debt into further equity capital, the Directors consider that the issue of the Convertible Bonds is an appropriate means of fund raising for the Company.

The Directors consider that the terms of the Placing Agreement and the Convertible Bonds, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the Latest Practicable Date and immediately after the full conversion of the Convertible Bonds is as follows (assuming there being no other change in the share capital of the Company):

Shareholder	At the Latest Practicable Date		Immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds (Note 2)	
	<i>No. of shares</i>	<i>Approximate percentage %</i>	<i>No. of shares</i>	<i>Approximate percentage %</i>
A Director and his associate (<i>Note 1</i>)	285,287,500	5.57	285,287,500	2.82
The Subscriber	0	0.00	5,000,000,000	49.40
Public Shareholders	<u>4,835,664,960</u>	<u>94.43</u>	<u>4,835,664,960</u>	<u>47.78</u>
Total	<u><u>5,120,952,460</u></u>	<u><u>100</u></u>	<u><u>10,120,952,460</u></u>	<u><u>100</u></u>

LETTER FROM THE BOARD

Notes:

1. Such Shares were held by Mr. Li Ming, an executive Director, of which 253,512,500 Shares, were directly held by him and 31,775,000 Shares were indirectly held by Lead Dragon Limited, a company incorporated in the British Virgin Islands and wholly owned by him.
2. The shareholding structure set out in this column is shown for illustration purposes only. As mentioned in the paragraph headed “Principal terms of the Convertible Bonds” above, the conversion rights under the Convertible Bonds shall only be exercisable so long as not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares being held in public hands and will not result in the relevant holder of the Convertible Bonds, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirements of the Takeovers Code; or (ii) a general offer is made in accordance with the requirements of the Takeovers Code.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE LATEST PRACTICABLE DATE

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months before the Latest Practicable Date.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
23 July 2013	Subscription of 200,000,000 new Shares	Approximately HK\$20.35 million	For general working capital of the Group	Fully utilized as intended
6 March 2014	Subscription of 530,000,000 new Shares	Approximately HK\$56.61 million	For repayment of debts and general working capital	HK\$45.61 million was fully utilized, of which approximately HK\$20 million was used for repayment of debts and approximately HK\$25.61 million was used for general working capital, including settlement of trade payables and operating expenses. The remaining amount of approximately HK\$11 million is currently deposited with a licensed banking and financial institution in Hong Kong and is expected to be used as intended.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

The Convertible Bonds and the Conversion Shares will be allotted and issued by the Company pursuant to the specific mandate sought to be granted to the Directors at the SGM. Therefore, the subscription of the Convertible Bonds and the issue of the Conversion Shares by the Company are subject to Shareholders' approval.

INFORMATION OF THE SUBSCRIBER

Kingwin Capital Group Limited is an investment holding company wholly-owned by Mr. Wang Ping.

SPECIAL GENERAL MEETING

A notice convening the SGM at Units 1702-03, 17/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 18 June 2014, Wednesday at 10:00 a.m., at which resolution will be proposed for the purposes of considering and if thought fit, approving the Placing Agreement and the transactions contemplated thereunder, is set out on pages 14 and 15 of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Placing Agreement and no Shareholders are required to abstain from voting if the Company is to convene a general meeting to approve the Placing Agreement and the transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Placing Agreement and the Convertible Bonds, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Directors consider that the resolution proposed in the notice of SGM are in the best interests of the Company and the Shareholders and therefore recommend you to vote in favour of all the relevant resolution to be proposed at the SGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

Yours faithfully,
By order of the Board
CHAU On Ta Yuen
Chairman

NOTICE OF SGM

CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED

中海船舶重工集團有限公司

(Incorporated in the Bermuda with limited liability)

(Stock code: 00651)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of China Ocean Shipbuilding Industry Group Limited (the “**Company**”) will be held at Units 1702-03, 17/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 18 June 2014, Wednesday, at 10:00 a.m., to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

1. “**THAT**

- (a) the Placing Agreement dated 14 May 2014 (the “**Placing Agreement**”) (a copy of which is marked “A” and initialled by the chairman of the meeting for the purpose of identification has been produced to the meeting) entered into between the Company and the Placing Agent (as defined in the circular of the Company dated 29 May 2014) in relation to the issue of convertible bonds in the principal amounts of not more than HK\$1,000,000,000 (the “**Convertible Bonds**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue of new shares of the Company upon the exercise of the conversion rights attaching to the Convertible Bonds (the “**Conversion Shares**”) be and is hereby approved; and the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to allot and issue the Conversion Shares; and
- (c) the Directors be and are hereby authorised to do all such acts and things as they consider necessary, desirable or expedient for the implementation of and giving effect to the Placing Agreement, the issue of the Convertible Bonds, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds and the transactions contemplated thereunder.”

By order of the Board

CHAU On Ta Yuen

Chairman

Hong Kong, 29 May 2014

NOTICE OF SGM

Notes:

1. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
2. A form of proxy for the SGM is enclosed to the notice of the SGM. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged at the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be voted by way of poll.

As at the date of this notice, the Board comprises CHAU On Ta Yuen, LI Ming, ZHANG Shi Hong and WANG San Long as executive Directors, and XIANG Siying, HU Bai He and XIANG Ying as independent non-executive Directors.