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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

(a joint stock company with limited liability established in the People's Republic of China)

(H Share Stock Code: 0874)

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

This announcement is made by the Company pursuant to Rule 13.51(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The Company announces that at the March Board Meeting, the Board has approved, among other things, the Proposed Amendments. The Proposed Amendments are proposed to improve the corporate governance of the Company (1) according to, among other things, the Companies Law of PRC, the Decision on Revising the Companies Law of the People's Republic of China adopted by the Standing Committee of the National People's Congress on 26 October 2018, the Securities Law of PRC, the Code of Corporate Governance for Listed Companies in China (Amended in 2018) and (2) taking into account the implementation and the actual circumstances of the compliance aspects of the Company. Corresponding changes will also be made to the Board Rules.

The Proposed Amendments are subject to certain conditions, including the approval of the Shareholders by way of special resolution at the AGM and all necessary approvals, authorisations, or registration (if applicable) having been obtained from or filed with the relevant governmental or regulatory authorities. A resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the Proposed Amendments.

Details on the Proposed Amendments are set out in the appendix to this announcement.

2. NOTICE OF AGM, PROXY FORMS AND CIRCULAR

As at the date of this announcement, it is expected that the notice convening the AGM, the forms of proxy and the relevant circular will be despatched to the Shareholders in May 2019.

3. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“AGM”	the annual general meeting of the Company for year 2018 proposed to be held in June 2019, including any adjournment thereof;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Board Rules”	the rules of procedures for the Board;
“Company”	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (廣州白雲山醫藥集團股份有限公司), a joint stock company with limited liability established in PRC, whose H shares and A shares are listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively;
“Director”	a director of the Company;
“March Board Meeting”	the meeting of the Board held on 15 March 2019;
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Amendments”	the proposed amendments to the Articles of Association, details of which are set out in the appendix to this announcement; and
“Shareholders”	holders of the A shares and/or H shares of the Company.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 15 March 2019

As at the date of this announcement, the Board comprises Mr. Li Chuyuan, Mr. Chen Mao, Ms. Liu Juyan, Ms. Cheng Ning, Mr. Ni Yidong, Mr. Li Hong and Mr. Wu Changhai as executive directors, and Mr. Chu Xiaoping, Mr. Jiang Wenqi, Mr. Wong Hin Wing and Ms. Wang Weihong as independent non-executive directors.

** For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

No.	Before amendments	After amendments
1	<p>Article 2 The Company was established by way of promotion in accordance with the approval document of Ti Gai Sheng [1997] No. 139 issued by the State Commission for Economic System Restructuring of the PRC. The Company was incorporated and registered with Guangzhou Administration for Industry and Commerce with the registration number of 63320680-X, and obtained its business license on 1 September 1997.</p> <p>The promoter of the Company was Guangzhou Pharmaceutical Holdings Limited</p> <p>As approved by the Securities Commission of the State Council by approval document No. [1997] 56 Hao in September 1997, the Company has issued to oversea investors 219,900,000 overseas listed foreign shares available for subscription in foreign currencies and such shares were listed on Hong Kong Stock Exchange in October 1997. In January 2000, as approved by CSRC (approval document no. Zheng Jian Gong Si Zi [2000] 22 Hao), the Company issued to the public 78,000,000 ordinary shares in RMB and such shares were listed on the Shanghai Stock Exchange in February 2000.</p>	<p>Article 2 The Company was established by way of promotion in accordance with the approval document of Ti Gai Sheng [1997] No. 139 issued by the State Commission for Economic System Restructuring of the PRC. The Company was both registered with the Guangzhou Branch of the Administration for Industry and Commerce and established on 1 September 1997. <u>Unified Social Credit Code:914401063320680X7.</u></p> <p>The promoter of the Company was Guangzhou Pharmaceutical Holdings Limited.</p> <p>As approved by the Securities Commission of the State Council by approval document No. [1997] 56 Hao in September 1997, the Company has issued to oversea investors 219,900,000 overseas listed foreign shares available for subscription in foreign currencies and such shares were listed on the Hong Kong Stock Exchange in October 1997. In January 2000, as approved by CSRC (approval document no. Zheng Jian Gong Si Zi [2000] 22 Hao), the Company issued to the public 78,000,000 ordinary shares in RMB and such shares were listed on the Shanghai Stock Exchange in February 2000.</p>

No.	Before amendments	After amendments
2	<p>Article 30 Under the following circumstances, the Company may repurchase its shares issued on the market subject to a resolution passed in accordance with the provisions of these Articles of Association and the approval by the relevant authority of the State:</p> <ol style="list-style-type: none"> (1) cancellation of shares for the purpose of reduction of the Company's capital; (2) merger with another company which holds the Company's shares; (3) distribution of shares to employees as an incentive; (4) request from shareholders who object to a resolution of a general meeting of shareholders on merger or division of the Company for the Company to acquire their shares; and (5) other circumstances permitted by laws and administrative regulations. <p>Save for the above, the Company shall not purchase its shares.</p>	<p>Article 30 Under the following circumstances, the Company may repurchase its shares issued on the market subject to a resolution passed in accordance with the provisions of these Articles of Association and the approval by the relevant authority of the State:</p> <ol style="list-style-type: none"> (1) cancellation of shares for the purpose of reduction of the Company's capital; (2) merger with another company which holds the Company's shares; <u>(3) apply the shares for the purposes of the employee share scheme or in shares incentive scheme;</u> (4) request from shareholders who object to a resolution of a general meeting of shareholders on merger or division of the Company for the Company to acquire their shares; <u>(5) apply the shares for the purposes of the conversion pursuant to the company convertible bonds issued by the listed company;</u> <u>(6) if the listed company considers that it is necessary to protect the value of the company and the interests of shareholders.</u> <p>Save for the above, the Company shall not purchase its shares.</p>

No.	Before amendments	After amendments
3	<p>Article 31 The Company may, upon approval by the relevant PRC regulatory authority, repurchase its shares by one of the following ways:</p> <ol style="list-style-type: none"> (1) offer for repurchase of shares to all shareholders in equal proportions; (2) repurchase of shares through open transactions on a stock exchange; (3) repurchase of shares through off-market agreements outside a stock exchange; and (4) repurchase of shares in other methods as recognized by CSRC. 	<p>Article 31 The Company may, upon approval by the relevant PRC regulatory authority, repurchase its shares by one of the following ways:</p> <ol style="list-style-type: none"> (1) offer for repurchase of shares to all shareholders in equal proportions; (2) repurchase of shares through open transactions on a stock exchange; (3) repurchase of shares through off-market agreements outside a stock exchange; and (4) repurchase of shares in other methods as recognized by CSRC. <p><u>If the Company repurchase its own shares, it must perform its disclosure obligations in accordance with the Securities Law of China; and if the repurchase is made pursuant to the circumstances under (3), (5), (6) of Article 30 of these Articles of Association, such repurchase must be conducted by way of opened centralised trading or by such other ways as permitted by the applicable laws and regulations or by the stock exchanges on which the shares of the Company are listed.</u></p>

No.	Before amendments	After amendments
4	<p>Article 32 A repurchase of shares by the Company for reasons as stated in items (1) through (3) of Articles 30 of these Articles of Association, the Company shall subject to prior approval of the general meeting of shareholders in accordance with the provisions of these Articles of Associations. Subject to the prior approval of the general meeting of shareholders in the same manner, the Company may discharge or change a contract entered into in the aforesaid methods or may waive any rights in such contract.</p> <p>The contract to repurchase shares referred to above includes but not limited to such agreement for the commitment to fulfil the obligations of share repurchase and acquisition of the rights to repurchase shares.</p> <p>The Company is not allowed to transfer the contracts for the repurchase of its shares or any rights under such contracts</p>	<p>Article 32 <u>If the repurchase is made under the circumstances specified in (1), (2) of Article 30 of these Articles of Association, approval must be obtained from the general meeting; if the repurchase is made under the proposed circumstances specified in (3), (5), (6) under Article 30 of these Articles of Association, it may be approved by resolution passing by two-thirds of the votes cast by the directors attending the board meeting.</u></p> <p><u>With respect to those contracts made pursuant to the prior approval of the general meeting or the board of directors,</u> the Company may terminate or vary such contracts or give up any right thereunder pursuant to the same manner by which they were approved.</p> <p>The contract to repurchase shares referred to above includes but not limited to such agreement for the commitment to fulfil the obligations of share repurchase and acquisition of the rights to repurchase shares.</p> <p>The Company is not allowed to transfer the contracts for the repurchase of its shares or any rights under such contracts.</p>

No.	Before amendments	After amendments
5	<p>Article 33 In the event that any repurchase of shares by the Company pursuant to the laws and Article 30 hereof, shares acquired under a repurchase of shares under the circumstances stipulated in item (1) of Article 30 hereof shall be cancelled within ten days from the date of acquisition thereof while shares acquired under a repurchase of shares made under the circumstances stipulated in items (2) and (4) of Article 30 hereof shall be transferred or cancelled within six months and change of registration of registered capital shall be proceeded with the Company's original registration authority.</p> <p>The aggregate nominal value of the cancelled shares shall be verified and deducted from the Company's registered capital.</p> <p>The shares acquired under a repurchase of shares made by the Company in accordance with the provisions of item (3) of Article 26 hereof shall not exceed 5% of the issued share capital of the Company. Funds used for the acquisition shall be paid out from the profit after tax of the Company and the acquired shares shall be transferred to employees within one year.</p>	<p>Article 33 In the event that any repurchase of shares by the Company pursuant to the laws and Article 30 hereof, shares acquired under a repurchase of shares under the circumstances stipulated in item (1) of Article 30 hereof shall be cancelled within ten days from the date of acquisition thereof while shares acquired under a repurchase of shares made under the circumstances stipulated in items (2) and (4) of Article 30 hereof shall be transferred or cancelled within six months and change of registration of registered capital shall be proceeded with the Company's original registration authority. <u>Under the circumstances specified in (3), (5) and 6), the total number of shares of the Company held by the Company shall not exceed 10% of the shares of the Company in issue and should be transferred or cancelled within three years.</u></p> <p>The aggregate nominal value of the cancelled shares shall be verified and deducted from the Company's registered capital.</p> <p>The shares acquired under a repurchase of shares made by the Company in accordance with the provisions of item (3) of Article 26 hereof shall not exceed 5% of the issued share capital of the Company. Funds used for the acquisition shall be paid out from the profit after tax of the Company and the acquired shares shall be transferred to employees within one year.</p>

No.	Before amendments	After amendments
6	<p>Article 54 In the event of violation of laws, administrative regulations or the provisions under these Articles of Association by a director or senior management personnel in performing his duties resulting damage to the shareholders' interest, the shareholders may file a litigation with a people's court.</p>	<p>Article 54 In the event of violation of laws, administrative regulations or the provisions under these Articles of Association by a director or senior management personnel in performing his duties resulting damage to the shareholders' interest, the shareholders may file a litigation with a people's court.</p> <p><u>Shareholders have the right to protect its own legal rights by initiating civil proceedings or other legal proceedings pursuant to the laws or administrative regulations.</u></p>
7	<p>Article 59 The controlling shareholders and/or the actual controlling party of the Company shall not use their relationship to cause damage to the Company's interests and shall be liable for indemnity in case of violation of such requirements.</p>	<p>Article 59 The controlling shareholders and/or the actual controlling party of the Company shall not use their relationship to cause damage to the Company's interests and shall be liable for indemnity in case of violation of such requirements.</p>

No.	Before amendments	After amendments
	<p>The controlling shareholders and the actual controlling party of the Company own duties to the Company and to public shareholders. The controlling shareholders shall exercise their rights as investors in strict compliance with laws. The controlling shareholders may not cause damage to the lawful interests of the Company and the public shareholders by way of connected transactions, profit distribution, assets restructuring, foreign investment, capital appropriation and guarantee for loans etc. and shall not cause damage to the interests of the Company and the public shareholders by taking advantage of its controlling status or grant any approval on any resolutions on election of personnel at general meetings and any resolutions on the appointment of any personnel by the Board of Directors or appoint or remove any senior management members of the Company without the approval at general meeting and the Board of Directors or intervene directly or indirectly any decisions on production and operation of the Company or intervene the finance and accounting related activities of the Company or impose any operation plans or give any orders to the Company or carry out any business activities which are the same or similar to those of the Company or influence the independence of the Company's operation and management or infringe the legal interests of the Company by any other means.</p>	<p>The controlling shareholders and the actual controlling party of the Company own duties to the Company and to public shareholders. The controlling shareholders shall exercise their rights as investors in strict compliance with laws, <u>and fulfill the obligations of shareholders.</u> The controlling shareholders may not cause damage to the lawful interests of the Company and the public shareholders by way of connected transactions, profit distribution, assets restructuring, foreign investment, capital appropriation and guarantee for loans etc. and shall not cause damage to the interests of the Company and the public shareholders by taking advantage of its controlling status or grant any approval on any resolutions on election of personnel at general meetings and any resolutions on the appointment of any personnel by the Board of Directors or appoint or remove any senior management members of the Company without the approval at general meeting and the Board of Directors or intervene directly or indirectly any decisions on production and operation of the Company or intervene the finance and accounting related activities of the Company or impose any operation plans or give any orders to the Company or carry out any business activities which are the same or similar to those of the Company or influence the independence of the Company's operation and management or infringe the legal interests of the Company by any other means.</p>

No.	Before amendments	After amendments
	<p>The directors, supervisors and senior officers of the Company have the obligation to protect the capital of the Company from being appropriated by the controlling shareholder. In the case that either the directors or senior management of the Company assists or connives the controlling shareholder or his subsidiaries in misappropriating the assets of the Company, the Board has the power to take disciplinary action against the directly responsible person and remove the director who holds serious responsibilities depending on the security of the case. In the case that the controlling shareholder of the Company misappropriates the assets of the Company, including but not limited to, the capital of the Company, the Board has the power to immediately apply to the People’s Court in the name of the Company to legally freeze the assets of the Company so appropriated and the shares of the Company held by the controlling shareholder. In the case that the controlling shareholder is unable to make any restitution or cash compensation for any assets of the Company misappropriated by him, the Company is entitled to a compensation from the controlling shareholder for the misappropriated assets of the Company by realizing the shares of the Company held by him in accordance with the provisions and procedures of the relevant laws, rules and regulations.</p>	<p>The directors, supervisors and senior officers of the Company have the obligation to protect the capital of the Company from being appropriated by the controlling shareholder. In the case that either the directors or senior management of the Company assists or connives the controlling shareholder or his subsidiaries in misappropriating the assets of the Company, the Board has the power to take disciplinary action against the directly responsible person and remove the director who holds serious responsibilities depending on the security of the case. In the case that the controlling shareholder of the Company misappropriates the assets of the Company, including but not limited to, the capital of the Company, the Board has the power to immediately apply to the People’s Court in the name of the Company to legally freeze the assets of the Company so appropriated and the shares of the Company held by the controlling shareholder. In the case that the controlling shareholder is unable to make any restitution or cash compensation for any assets of the Company misappropriated by him, the Company is entitled to a compensation from the controlling shareholder for the misappropriated assets of the Company by realizing the shares of the Company held by him in accordance with the provisions and procedures of the relevant laws, rules and regulations.</p>

No.	Before amendments	After amendments
		<p><u>The undertakings given by the controlling shareholders and/or the actual controlling party of the Company must be expressed, have sufficient details and can be implemented. No undertakings should be given if such undertakings are obviously not possible to perform based on the circumstances at the material time. The party giving the undertaking should declare that it will perform the undertaking and set out the consequences of its failure to perform the undertakings and perform its undertakings genuinely.</u></p>
8	<p>Article 61 The general meeting of shareholders shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to decide on the Company’s direction of operation and investment plans; (2) to elect and replace directors who are not the employee’s representatives and to decide matters relating to the remuneration of directors; (3) to elect and replace supervisors who are not the employee’s representatives and to decide matters relating to the remuneration of supervisors; (4) to consider and approve reports of the Board; (5) to consider and approve reports of the supervisory committee; (6) to consider and approve the Company’s annual financial budget and final accounts; (7) to consider and approve the Company’s profit distribution proposals and loss recovery proposals; (8) to resolve on the increase or reduction of the Company’s registered capital; 	<p>Article 61 The general meeting of shareholders shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to decide on the Company’s direction of operation and investment plans; (2) to elect and replace directors who are not the employee’s representatives and to decide matters relating to the remuneration of directors; (3) to elect and replace supervisors who are not the employee’s representatives and to decide matters relating to the remuneration of supervisors; (4) to consider and approve reports of the Board; (5) to consider and approve reports of the supervisory committee; (6) to consider and approve the Company’s annual financial budget and final accounts; (7) to consider and approve the Company’s profit distribution proposals and loss recovery proposals; (8) to resolve on the increase or reduction of the Company’s registered capital;

No.	Before amendments	After amendments
	<p>(9) to resolve on matters such as merger, division, dissolution or liquidation of the Company;</p> <p>(10) to resolve on issuance of debenture by the Company;</p> <p>(11) to resolve on the appointment, removal or non-renewal of the services of an accounting firm for the Company;</p> <p>(12) to amend these Articles of Association;</p> <p>(13) to consider any proposals made by shareholders representing more than 3% (inclusive) of the voting rights of the Company;</p> <p>(14) to consider the material acquisition, sale or replacement of assets of the Company (in the standard as confirmed by the rules of the stock exchange where the Company's shares are listed);</p> <p>(15) matters that may be delegated to the Board through authorization or entrustment granted by a general meeting of shareholders of the Company;</p> <p>The authorization or entrustment granted to the Board for handling matters as authorised or entrusted by a general meeting of shareholders of the Company shall be in compliance with the requirements of maintaining the legal interests of the Company's shareholders and in strict compliance with laws and regulations to safeguard the Company's principles of efficient operation and scientific decision. The following matters may be delegated by the Board through authorization or entrustment:</p>	<p>(9) to resolve on matters such as merger, division, dissolution or liquidation of the Company;</p> <p>(10) to resolve on issuance of debenture by the Company;</p> <p>(11) to resolve on the appointment, removal or non-renewal of the services of an accounting firm for the Company;</p> <p>(12) to amend these Articles of Association;</p> <p>(13) to consider any proposals made by shareholders representing more than 3% (inclusive) of the voting rights of the Company;</p> <p>(14) to consider the material acquisition, sale or replacement of assets of the Company (in the standard as confirmed by the rules of the stock exchange where the Company's shares are listed);</p> <p>(15) matters that may be delegated to the Board through authorization or entrustment granted by a general meeting of shareholders of the Company;</p> <p>The authorization or entrustment granted to the Board for handling matters as authorised or entrusted by a general meeting of shareholders of the Company shall be in compliance with the requirements of maintaining the legal interests of the Company's shareholders and in strict compliance with laws and regulations to safeguard the Company's principles of efficient operation and scientific decision. The following matters may be delegated by the Board through authorization or entrustment:</p>

No.	Before amendments	After amendments
	<p>1. amendment of wordings of these Articles of Association upon passing of a resolution for amendment of these Articles of Association by a general meeting of shareholders;</p> <p>2. distribution of interim dividends;</p> <p>3. specific matters involving issuance of new shares or convertible debenture;</p> <p>4. disposal, mortgage and guarantee on fixed assets as set forth in an approved direction of operation and investment plan; and</p> <p>5. other matters may be delegated by the Board through authorization or entrustment as stipulated by laws, regulations and these Articles of Association.</p> <p>(16) to consider matters relating to guarantee as stipulated under Article 62 hereof;</p> <p>(17) to consider matters relating to the Company's purchase and sale of material assets exceeding 30% of the latest audited total assets;</p> <p>(18) to consider matters relating to change of purpose for fund raising;</p> <p>(19) to consider share incentive scheme; and</p>	<p>1. amendment of wordings of these Articles of Association upon passing of a resolution for amendment of these Articles of Association by a general meeting of shareholders;</p> <p>2. distribution of interim dividends;</p> <p>3. specific matters involving issuance of new shares or convertible debenture;</p> <p>4. disposal, mortgage and guarantee on fixed assets as set forth in an approved direction of operation and investment plan; and</p> <p>5. other matters may be delegated by the Board through authorization or entrustment as stipulated by laws, regulations and these Articles of Association.</p> <p><u>The general meetings must not delegate those powers which are only exercisable by the general meetings as prescribed by laws to the board of directors.</u></p> <p>(16) to consider matters relating to guarantee as stipulated under Article 62 hereof;</p> <p>(17) to consider matters relating to the Company's purchase and sale of material assets exceeding 30% of the latest audited total assets;</p> <p>(18) to consider matters relating to change of purpose for fund raising;</p> <p>(19) to consider share incentive scheme; and</p>

No.	Before amendments	After amendments
	(20) other matters which are required by laws,administrative regulations and these Articles of Association to be adopted by way of resolutions by the general meeting of shareholders.	(20) other matters which are required by laws,administrative regulations and these Articles of Association to be adopted by way of resolutions by the general meeting of shareholders.
9	<p>Article 105 The name list of candidates for directors and supervisors shall be submitted by way of proposal to the general meeting for voting.</p> <p>During voting at the general meeting on election of directors and supervisors, cumulative voting system may be implemented in accordance with the stipulations of these Articles of Association or the resolutions of the general meeting.</p> <p>The “cumulative voting system” as in the foregoing means that each share has the number of voting right identical to the number of directors or supervisors to be elected, and the voting right owned by the shareholders may be cumulatively used when the general meeting elects the directors or supervisors. The Board shall announce to the shareholders the resume and basic information of the candidates for directors or supervisors.</p>	<p>Article 105 The name list of candidates for directors and supervisors shall be submitted by way of proposal to the general meeting for voting.</p> <p><u>If the listed company whose single largest shareholder together with its parties acting in concert are interested in 30% or more of the shares of the listed company, the elections of directors and supervisors at the general meetings shall be conducted by way of cumulative voting.</u></p> <p>The “cumulative voting system” as mentioned in the foregoing means that each share has the number of voting right identical to the number of directors or supervisors to be elected, and the voting right owned by the shareholders may be cumulatively used when the general meeting elects the directors or supervisors. The Board shall announce to the shareholders the resume and basic information of the candidates for directors or supervisors.</p>

No.	Before amendments	After amendments
		<p><u>Set out below are the details of the cumulative voting at the general meetings:</u></p> <p>(a) <u>For the purposes of the election of directors or supervisors, each share held by a shareholder of the Company has the same number of votes as the number of directors or supervisors to be elected. That means the total number of votes that a shareholder is entitled to in the election of directors or supervisors equal to the number of shares that he/she held times the number of candidates for directors or supervisors. The number of candidates for directors and supervisors can be more than the number of directors or supervisors to be elected. However, the number of candidates to which the votes are cast by each shareholder cannot exceed the number of directors or supervisors to be elected and the total number of votes cast cannot be more than the number of votes that a shareholder is entitled, otherwise the votes shall be invalid.</u></p> <p>(b) <u>the voting on independent directors and non-independent directors should be separated. In relation to the election of independent directors, the number of votes that each shareholder is entitled to equal to the number of shares that he/she held times the number of independent directors to be elected. Those votes can only cast on the candidates for independent directors. In relation to the election of non-independent directors, the number of votes that each shareholder is entitled to equal to the number of shares that he/she held times the number of non-independent directors to be elected. Those votes can only cast on the candidates for non-independent directors.</u></p>

No.	Before amendments	After amendments
		<p><u>(c) after the end of the voting, the vote-counting should be undertaken by the scrutineer of the general meeting. The number of votes obtained by the candidates for directors or supervisors shall be announced for determining which candidates are elected and which candidates for directors or supervisors are elected shall be determined in the order of the number of votes that they obtained. However, for a candidate to be elected, the minimum number of votes that he/she obtained must be more than half of the number of votes held by those shareholders (including their proxies) attending the general meetings. If the number of directors or supervisors elected are lower than the number proposed to be elected at the general meeting, another voting should be conducted in relation to the vacancies for those candidates for directors or supervisors who have not obtained the requisite number of votes. If there are two or more candidates for directors or supervisors who have obtained the same number of votes and only some of which can be elected due to the restriction on the number of vacancies, a by-election should be held in respect of those candidates for directors or supervisors who obtained the same number of votes.</u></p>

No.	Before amendments	After amendments
10	<p>Article 131 Directors shall be elected at the general meeting of shareholders, with a term of office of three years. Upon expiration of the term, the directors may be re-elected and serve consecutive terms.</p> <p>The written notice of the intention of the nominees of the candidates for directors and of the acceptance by the candidates to be nominated shall be served on the Company seven days before the convening of the general meeting of shareholders.</p> <p>Directors and deputy directors shall be elected or dismissed by a majority of the general body of directors.</p> <p>The term of office of directors and deputy directors shall be three years and they may be re-elected and serve consecutive terms.</p> <p>Subject to the compliance of the provisions of the relevant laws and administrative regulations, the general meeting of the shareholders may dismiss by ordinary resolution any directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected). The term of directors shall commence on the date of entering on the office, and shall end on the date the term of the board of directors expires. Prior to the expiry of the term of a director, the general meeting of shareholders shall not dismiss the duties of such director without any reasons.</p>	<p>Article 131 Directors shall be elected at the general meeting of shareholders, with a term of office of three years. Upon expiration of the term, the directors may be re-elected and serve consecutive terms.</p> <p>The written notice of the intention of the nominees of the candidates for directors and of the acceptance by the candidates to be nominated shall be served on the Company seven days before the convening of the general meeting of shareholders.</p> <p>Directors and deputy directors shall be elected or dismissed by a majority of the general body of directors.</p> <p>The term of office of directors and deputy directors shall be three years and they may be re-elected and serve consecutive terms.</p> <p>Subject to the compliance of the provisions of the relevant laws and administrative regulations, the general meeting of the shareholders may dismiss by ordinary resolution any directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected). The term of directors shall commence on the date of entering on the office, and shall end on the date the term of the board of directors expires. Prior to the expiry of the term of a director, the general meeting of shareholders shall not dismiss the duties of such director without any reasons.</p>

No.	Before amendments	After amendments
	<p>Where no new appointment is made upon expiry of the term of a director, the original director shall, prior to the new director entering on the office, continue to perform his or her duties as a director in accordance with the provisions of laws and administrative regulations and the Articles of Association of the Company.</p> <p>Managers or other senior management personnel shall serve the office of director concurrently. However, the total number of directors serving the office of manager or other senior management personnel concurrently and labour union representative holding the office of director shall not exceed half of the total number of directors of the Company. Directors are not required to hold shares of the Company.</p>	<p>Where no new appointment is made upon expiry of the term of a director, the original director shall, prior to the new director entering on the office, continue to perform his or her duties as a director in accordance with the provisions of laws and administrative regulations and the Articles of Association of the Company.</p> <p>Managers or other senior management personnel shall serve the office of director concurrently. However, the total number of directors serving the office of manager or other senior management personnel concurrently and labour union representative holding the office of director shall not exceed half of the total number of directors of the Company. Directors are not required to hold shares of the Company. <u>The directors must have the necessary knowledge, skill and quality to perform the duties of directors.</u></p>
11	<p>Article 137 The Board is accountable for the general meeting of the shareholders and shall exercise the following powers:</p> <ol style="list-style-type: none"> (1) convention of general meetings of shareholders, and report to the general meetings; (2) implementation of the resolutions of the general meeting; (3) formulation of the business plan and investment scheme of the Company; (4) formulation of the annual financial budget and financial accounting policy of the Company; (5) formulation of the profit distribution policy and loss recovery policy of the Company; 	<p>Article 137 The Board is accountable for the general meeting of the shareholders and shall exercise the following powers:</p> <ol style="list-style-type: none"> (1) convention of general meetings of shareholders, and report to the general meetings; (2) implementation of the resolutions of the general meeting; (3) formulation of the business plan and investment scheme of the Company; (4) formulation of the annual financial budget and financial accounting policy of the Company; (5) formulation of the profit distribution policy and loss recovery policy of the Company;

No.	Before amendments	After amendments
	<p>(6) formulation of the policy of increase or reduction of registered capital and the policy of issue of corporate bonds of the Company;</p> <p>(7) drafting of the policies of material corporate acquisition, acquisition of shares of the Company, or the merger, separation, dissolution and liquidation of the Company;</p> <p>(8) making decision on the establishment of internal management system in the Company;</p> <p>(9) employment or dismissal of the managers of the Company; on the basis of nomination, employment or dismissal of the assistant managers, person in charge of finance and other senior management personnel of the Company; making decision on their remuneration;</p> <p>(10) formulation of the basic management system of the Company;</p> <p>(11) formulation of the proposal on amendment of these Articles of Association;</p> <p>(12) making decision on a single external guarantee where the items guaranteed satisfying the conditions of the Company involves an amount of more than 10% (or 10%) of the latest audited net assets;</p> <p>(13) making decisions on matters such as external investment, acquisition and sale of assets, mortgaged assets, external guarantee, financial management by commission, connected transaction, within the scope of authorization by the general meeting of shareholders;</p>	<p>(6) formulation of the policy of increase or reduction of registered capital and the policy of issue of corporate bonds of the Company;</p> <p>(7) drafting of the policies of material corporate acquisition, acquisition of shares of the Company, or the merger, separation, dissolution and liquidation of the Company;</p> <p>(8) making decision on the establishment of internal management system in the Company;</p> <p>(9) employment or dismissal of the managers of the Company; on the basis of nomination, employment or dismissal of the assistant managers, person in charge of finance and other senior management personnel of the Company; making decision on their remuneration;</p> <p>(10) formulation of the basic management system of the Company;</p> <p>(11) formulation of the proposal on amendment of these Articles of Association;</p> <p>(12) making decision on a single external guarantee where the items guaranteed satisfying the conditions of the Company involves an amount of more than 10% (or 10%) of the latest audited net assets;</p> <p>(13) making decisions on matters such as external investment, acquisition and sale of assets, mortgaged assets, external guarantee, financial management by commission, connected transaction, within the scope of authorization by the general meeting of shareholders;</p>

No.	Before amendments	After amendments
	<p>(14) management of disclosure of information of the Company;</p> <p>(15) proposal to the general meeting of shareholders on employment or replacement of accounting firm responsible for auditing for the Company;</p> <p>(16) receiving the work report of the managers of the Company and checking the work of the managers;</p> <p>(17) other powers granted by these Articles of Association and the general meeting of shareholders.</p> <p>When the Board makes resolutions on the aforesaid matters, saving for matters as set out in sections (6), (7),(11) and (12) which require consent by more than two thirds of directors through voting, the remaining matters may be approved by more than half of directors through voting.</p>	<p>(14) management of disclosure of information of the Company;</p> <p>(15) proposal to the general meeting of shareholders on employment or replacement of accounting firm responsible for auditing for the Company;</p> <p>(16) receiving the work report of the managers of the Company and checking the work of the managers;</p> <p><u>(17) pass resolutions regarding the repurchase of the shares of the Company by the Company under the circumstances prescribed in (3), (5) and (6) of Article 30 of these Articles of Association;</u></p> <p><u>(18)</u> other powers granted by these Articles of Association and the general meeting of shareholders.</p> <p>When the Board makes resolutions on the aforesaid matters, saving for matters as set out in sections (6), (7), (11), (12), <u>(17)</u> which require consent by more than two thirds of directors through voting, the remaining matters may be approved by more than half of directors through voting.</p>
12	<p>Article 148 Directors shall attend any meeting of the Board in person. Where a director is unable to attend for some reasons, he or she may authorize in writing another director to attend the board meeting on his or her behalf. The instrument of proxy shall specify the name of the proxy, the matters to be authorized, scope of authorization and validity, and the proxy shall sign on or affix a chop to such instrument.</p>	<p>Article 148 Directors shall attend any meeting of the Board in person. Where a director is unable to attend for some reasons, he or she may authorize in writing another director to attend the board meeting on his or her behalf. The instrument of proxy shall specify the name of the proxy, the matters to be authorized, scope of authorization and validity, and the proxy shall sign on or affix a chop to such instrument.</p>

No.	Before amendments	After amendments
	<p>The director attending the meeting for another director shall exercise the rights of latter director within the scope of authorization. Any director who is unable to attend a particular board meeting without authorizing a proxy to attend shall be deemed as waiving the right to vote at that meeting.</p>	<p>The director attending the meeting for another director shall exercise the rights of latter director within the scope of authorization. <u>An independent director shall not appoint a non-independent director to vote on his behalf.</u> Any director who is unable to attend a particular board meeting without authorizing a proxy to attend shall be deemed as waiving the right to vote at that meeting.</p>
13	<p>Article 160 Power and duties of independent directors</p> <p>(i) In order to exercise the function of an independent director, save for the power vested by the company law and other relevant laws, regulations and the Articles of Association, independent directors of the Company shall be vested with the following special power and duties:</p> <ol style="list-style-type: none"> 1. major connected transaction (refer to connected transactions entered into between the Company and any connected parties, the aggregate consideration of which is more than RMB3 million and more than 0.5% of the latest audited net asset value of the Company), shall first be approved by independent directors before being submitted to the Board of directors for discussion. Before making a judgement, independent directors can appoint intermediaries to prepare independent financial adviser’s report as the basis for their judgement. 2. propose to the Board for the appointment or removal of auditors; 3. propose to the Board for convening an extraordinary general meeting; 	<p>Article 160 Power and duties of independent directors</p> <p>(i) In order to exercise the function of an independent director, save for the power vested by the company law and other relevant laws, regulations and the Articles of Association, independent directors of the Company shall be vested with the following special power and duties:</p> <ol style="list-style-type: none"> 1. major connected transaction (refer to connected transactions entered into between the Company and any connected parties, the aggregate consideration of which is more than RMB3 million and more than 0.5% of the latest audited net asset value of the Company), shall first be approved by independent directors before being submitted to the Board of directors for discussion. Before making a judgement, independent directors can appoint intermediaries to prepare independent financial adviser’s report as the basis for their judgement. 2. propose to the Board for the appointment or removal of auditors; 3. propose to the Board for convening an extraordinary general meeting;

No.	Before amendments	After amendments
	<p>4. propose to convene Board meetings;</p> <p>5. appoint an independent external auditing firm or consultant firm;</p> <p>6. solicit proxies from shareholders before proposing to the Board for convening extraordinary general meeting or board meeting or before convening general meeting.</p> <p>(ii) Independent director shall obtain the consent of at least half of all independent directors to exercises the above power.</p> <p>(iii) Should the above proposal not be adopted or the above power not be exercised normally, the Company shall disclose the above matters.</p> <p>(iv) With the approval of all independent directors, an independent director may appoint independent external auditing firm or consultant firm to provide auditing or consulting services in respect of any particular events, and the relevant expenses incurred shall be borne by the Company.</p> <p>(v) Save for the power of directors and special power vested by the Company, an independent director shall abide by all provisions of these Articles of Association in respect of duties of a director.</p>	<p>4. propose to convene Board meetings;</p> <p>5. appoint an independent external auditing firm or consultant firm;</p> <p>6. solicit proxies from shareholders before proposing to the Board for convening extraordinary general meeting or board meeting or before convening general meeting.</p> <p>(ii) Independent director shall obtain the consent of at least half of all independent directors to exercises the above power.</p> <p>(iii) Should the above proposal not be adopted or the above power not be exercised normally, the Company shall disclose the above matters.</p> <p>(iv) With the approval of all independent directors, an independent director may appoint independent external auditing firm or consultant firm to provide auditing or consulting services in respect of any particular events, and the relevant expenses incurred shall be borne by the Company.</p> <p>(v) <u>The independent directors should take the initiative to perform their duties and protect the interest of the Company as a whole where there is conflict among the shareholders of the Company or the directors of the Company.</u></p> <p>(vi) Save for the power of directors and special power vested by the Company, an independent director shall abide by all provisions of these Articles of Association in respect of duties of a director.</p>

No.	Before amendments	After amendments
14	<p>Article 162 To ensure that independent directors are in a position to exercise their powers effectively, the Company shall provide independent directors with the following essential conditions.</p> <p>(i) The Company shall ensure that independent directors have the same right to information as other directors, shall provide independent directors with relevant materials, information of its operation on a timely basis. On-site visits may also be arranged when necessary. The Company shall within statutory time inform independent directors in advance of matters to be considered by the Board and provide them with enough information. Should an independent director regards the information provided not sufficient, he may request supplementary information. Whenever two or more independent directors are of the opinion that the information provided is insufficient or the evidence is not explicit, they can jointly in writing request the Board of directors to postpone the convening of the board meeting or postpone consideration of that matter, and the Board shall accept accordingly.</p> <p>Information provided to independent directors by the Company shall be kept for at least 5 years by the Company and each independent director.</p>	<p>Article 162 To ensure that independent directors are in a position to exercise their powers effectively, the Company shall provide independent directors with the following essential conditions.</p> <p>(i) The Company shall ensure that independent directors have the same right to information as other directors, shall provide independent directors with relevant materials, information of its operation on a timely basis. On-site visits may also be arranged when necessary. The Company shall within statutory time inform the independent directors in advance of matters to be considered by the Board and provide them with enough information. Should an independent director regards the information provided not sufficient, he may request supplementary information. If two or more independent directors are of the opinion that the information provided is insufficient or the evidence is not explicit, they can jointly in writing request the Board of directors to postpone the convening of the board meeting or postpone consideration of that matter, and the Board shall accept accordingly <u>and perform timely disclosure of relevant information.</u></p> <p>Information provided to independent directors by the Company shall be kept for at least 5 years by the Company and each independent director.</p>

No.	Before amendments	After amendments
	<p>(ii) The Company shall provide essential conditions to enable independent directors to discharge their duties. The secretary to the Board of the Company shall provide assistance to the independent directors to enable them to discharge their duties, and shall be responsible for liaison and coordination with the independent directors, including but not limited to giving explanation and providing information. The secretary to the Board of the Company shall arrange the publication of the announcement if the independent opinion, proposal and written explanation given by the independent directors shall be announced.</p> <p>(iii) The Company and relevant staff members shall actively assist independent directors in carrying out their functions and duties to ensure that they understand the true circumstances, and shall not refuse, obstruct or cover up facts, or interfere with the independent directors' carrying out of their functions and duties.</p> <p>(iv) Costs and expenses in respect of appointment of an intermediary organization by an independent director or incurred form an independent director's carrying out of his/her functions and duties shall be borne by the Company.</p> <p>(v) The Company shall provide appropriate subsidies to the independent directors. The standards of the subsidies shall be formulated by the Board, reviewed and passed at the general meeting and disclosed in the Company's annual reports.</p>	<p>(ii) The Company shall provide essential conditions to enable independent directors to discharge their duties. The secretary to the Board of the Company shall provide assistance to the independent directors to enable them to discharge their duties, and shall be responsible for liaison and coordination with the independent directors, including but not limited to giving explanation and providing information. The secretary to the Board of the Company shall arrange the publication of the announcement if the independent opinion, proposal and written explanation given by the independent directors shall be announced.</p> <p>(iii) The Company and relevant staff members shall actively assist independent directors in carrying out their functions and duties to ensure that they understand the true circumstances, and shall not refuse, obstruct or cover up facts, or interfere with the independent directors' carrying out of their functions and duties.</p> <p>(iv) Costs and expenses in respect of appointment of an intermediary organization by an independent director or incurred form an independent director's carrying out of his/her functions and duties shall be borne by the Company.</p> <p>(v) The Company shall provide appropriate subsidies to the independent directors. The standards of the subsidies shall be formulated by the Board, reviewed and passed at the general meeting and disclosed in the Company's annual reports.</p>

No.	Before amendments	After amendments
	Apart from the above subsidiaries, an independent director is not allowed to obtain other extra and undisclosed benefits from the Company and its major shareholders or organizations or people with a conflict of interests.	Apart from the above subsidiaries, an independent director is not allowed to obtain other extra and undisclosed benefits from the Company and its major shareholders or organizations or people with a conflict of interests.
15	Article 205 Any person taking up the position other than a director in the organization of the Company's controlling shareholder or actual controlling party may not take up the position of senior management personnel of the Company.	Article 205 Any person taking up the position other than as a director <u>or supervisor</u> in the organization of the Company's controlling shareholder or actual controlling party may not take up the position of senior management personnel of the Company.
16	Article 262 The Board is responsible for the interpretation of these Articles of Association. Where there are matters not contained in these Articles of Association, these matters shall be proposed by the Board for approval by way of special resolution at the shareholders' general meeting.	Article 262 The Board is responsible for the interpretation of these Articles of Association. Where there are matters not contained in these Articles of Association, these matters shall be proposed by the Board for approval by way of special resolution at the shareholders' general meeting. <u>If the provisions under these Articles of Association conflict with the relevant rules and regulations, such as the laws, rules and regulatory documents of the places at which the shares of the Company are listed or the rules of the stock exchanges, the laws, rules and regulatory documents of the places at which the shares of the Company are listed or the rules of the stock exchanges shall prevail.</u>

* *The Articles of Association are written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.*