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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 AND PROPOSED CHANGE OF AUDITORS

This announcement is made by the Company pursuant to Rules 13.51(1) and 13.51(4) 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 hereby announces at the April Board Meeting, the Board has approved, among other things, the Proposed Amendments. The amendments to the Articles of Association are to (i) ensure compliance with the regulations issued by the Guangdong Provincial Committee of the Communist Party of China and the Guangdong State-owned Assets Supervision and Administration Commission in relation to the requirement on including party building work into the articles of associations of state-owned enterprises; (ii) improve corporate governance by taking into consideration the actual circumstances of the Company; and (iii) comply with companies registration requirements. Corresponding changes will also be made to the Board Rules and Supervisory Committee 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. PROPOSED CHANGE OF AUDITORS

The Company is a subsidiary of GPLH, which is a state-owned enterprise established by, and under the administration of, the Guangzhou SASAC. Pursuant to the relevant documents issued by the Ministry of Finance of the PRC* (中國財政部) and the Guangzhou SASAC, there are

restrictions in respect of the number of years of audit services that an accounting firm can continuously providing to a state-owned enterprise and its subsidiaries. As a result of the aforesaid restrictions, BDO, the auditors of the Company and the internal control auditors of the Company for year 2017, will retire with effect from the close of the AGM and will not offer itself for re-appointment at the AGM. At the April Board Meeting, with the recommendation from the Audit Committee, the Board resolved to appoint Ruihua Certified Public Accountants* (瑞華會計師事務所 (特殊普通合夥)) as both the auditors of the Company and internal control auditors of the Company for year 2018 subject to the approval of the Shareholders at the AGM.

BDO has confirmed in writing that there are no matters relating to its retirement that needs to be brought to the attention of the Shareholders. The Board is not aware of any matters in relation to the proposed change of auditors that needs to be brought to the attention of the Shareholders. The Board and the Audit Committee have also confirmed that there are no disagreements or outstanding matters between the Company and BDO.

The Board would like to extend its sincere gratitude to BDO for its quality services provided to the Company in the past years.

3. 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 on or around 7 May 2018.

4. DEFINITIONS

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

“AGM”	the annual general meeting of 2017 of the Company proposed to be held on Friday, 22 June 2018, including any adjournment thereof;
“April Board Meeting”	the meeting of the Board held on 26 April 2018;
“Articles of Association”	the articles of association of the Company;
“Audit Committee”	the audit committee of the Company;
“BDO”	BDO China Shu Lun Pan Certified Public Accountants LLP* (立信會計師事務所(特殊普通合夥));
“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 the People’s Republic of China, 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;
“GPHL”	Guangzhou Pharmaceutical Holdings Limited* (廣州醫藥集團有限公司), a state-owned enterprise established by, and under the administration of, the Guangzhou SASAC. It is the controlling shareholder of the Company which held approximately 45.04% of the issued shares of the Company as at the date of this announcement;
“Guangzhou SASAC”	the Guangzhou Municipal People’s Government State-owned Assets Supervision and Administration Commission* (廣州市人民政府國有資產監督管理委員會) of the PRC;
“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;
“Supervisory Committee”	the supervisory committee of the Company;
“Supervisory Committee Rules”	the rules of procedures for the Supervisory Committee; 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, 26 April 2018

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 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 1</p> <p>The Company was established as a joint stock company with limited liability in accordance with the “Company Law (the “Company Law”) of the People’s Republic of China”, the “Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Special Regulations”), and other relevant laws and administrative regulations of the PRC. The legal interests of the Company and the shareholders are governed and protected by laws, regulations, and other relevant governmental rules of the PRC.</p>	<p>Article 1</p> <p>The Company was established as a joint stock company with limited liability in accordance with the “Company Law (the “Company Law”) of the People’s Republic of China”, the “Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Special Regulations”), <u>Constitution of the Communist Party of China (the “Party Constitution”)</u> and other relevant laws and administrative regulations of the PRC. The legal interests of the Company and the shareholders are governed and protected by laws, regulations, and other relevant governmental rules of the PRC.</p>
2	<p>Note: The existing Article 6 will be re-numbered as Article 7. No change will be made to the provision of the existing Article 6.</p>	<p>Article 6</p> <p><u>Pursuant to the requirements under the Company Law and the Party Constitution, the Company set up organizations of the Communist Party of China to perform core political functions and established related working organizations of the Party equipped with sufficient number of Party staff and to maintain sufficient funds for the work of the Party organizations.</u></p>

No.	Before amendments	After amendments
3	<p data-bbox="196 172 344 208">Article 13</p> <p data-bbox="196 253 823 491">The business scope of the Company should be consistent with <u>those set out in the business license</u>. The Company shall engage in operations within the business scope <u>registered with the Administration for Industry and Commerce</u>.</p> <p data-bbox="196 536 823 1776">The business scope of the Company is as follows: research and development of medicine; manufacturing of chemical raw material medicine; manufacturing of chemical drug preparations; production of Chinese patent medicine; processing of Chinese herbal medicine; manufacturing of biological medicine; manufacturing of medical materials and pharmaceutical supplies; wholesale of Western medicine; wholesale of Chinese patent drug and Chinese herbal medicine; retail of medicine; manufacturing of healthy foods; manufacturing of tea drinks and other beverages; wholesale of nonalcoholic drinks and tea; manufacturing of food additives; manufacturing of bottled(canned) drinking water; manufacturing of fruit and vegetable juice and beverages; manufacturing of solid beverage; manufacturing of carbonated beverage; manufacturing of cosmetic products; wholesale of cosmetic products and sanitary supplies; retail of cosmetic products and sanitary supplies; manufacturing of oral cleaning supplies; wholesale of cleaning supplies; manufacturing of soaps and synthetic detergents; wholesale of equipment for medical diagnosis, surveillance and treatment; retail of equipment for medical diagnosis, surveillance and treatment;</p>	<p data-bbox="839 172 991 208">Article 14</p> <p data-bbox="839 253 1473 491">The business scope of the Company should be consistent with <u>that as approved by the companies registration authority</u>. The Company shall engage in operations within the business scope <u>as approved by the companies registration authority</u>.</p> <p data-bbox="839 536 1473 1776">The business scope of the Company is as follows: research and development of medicine; manufacturing of chemical raw material medicine; manufacturing of chemical drug preparations; production of Chinese patent medicine; processing of Chinese herbal medicine; manufacturing of biological medicine; manufacturing of medical materials and pharmaceutical supplies; wholesale of Western medicine; wholesale of Chinese patent drug and Chinese herbal medicine; retail of medicine; manufacturing of healthy foods; manufacturing of tea drinks and other beverages; wholesale of nonalcoholic drinks and tea; manufacturing of food additives; manufacturing of bottled(canned) drinking water; manufacturing of fruit and vegetable juice and beverages; manufacturing of solid beverage; manufacturing of carbonated beverage; manufacturing of cosmetic products; wholesale of cosmetic products and sanitary supplies; retail of cosmetic products and sanitary supplies; manufacturing of oral cleaning supplies; wholesale of cleaning supplies; manufacturing of soaps and synthetic detergents; wholesale of equipment for medical diagnosis, surveillance and treatment; retail of equipment for medical diagnosis, surveillance and treatment;</p>

No.	Before amendments	After amendments
	<p>operation of unlicensed medical apparatus; operation of licensed medical apparatus; retail of medical supplies and apparatus (excluding pharmaceuticals and medical apparatus); wholesale of prepackaged food; retail of prepackaged food; manufacturing of veterinary drugs; sales of veterinary medicine; manufacturing of other wine; wholesale of wine; retail of wine, drinks and tea; wholesale of chemical products (including dangerous chemicals; excluding petroleum products and precursor chemicals); retail of chemical products (except for dangerous chemicals); import and export of technologies; import and export of goods (except for exclusively controlled and franchised merchandise); property management; property leasing; packaging service of transport goods; vehicle weighing service; development and operation of real estate; operation of parking lots; cargo terminal service; road freight transport.</p> <p><u>(If the final business scope of the Company as approved by the Administration for Industry and Commerce is different from that mentioned above, the business scope approved by the Administration for Industry and Commerce shall prevail)</u></p>	<p>operation of unlicensed medical apparatus; operation of licensed medical apparatus; retail of medical supplies and apparatus (excluding pharmaceuticals and medical apparatus); wholesale of prepackaged food; retail of prepackaged food; manufacturing of veterinary drugs; sales of veterinary medicine; manufacturing of other wine; wholesale of wine; retail of wine, drinks and tea; wholesale of chemical products (including dangerous chemicals; excluding petroleum products and precursor chemicals); retail of chemical products (except for dangerous chemicals); import and export of technologies; import and export of goods (except for exclusively controlled and franchised merchandise); property management; property leasing; packaging service of transport goods; vehicle weighing service; development and operation of real estate; operation of parking lots; cargo terminal service; road freight transport.</p> <p><u>(The items in the business scope of the Company which are subject to approval under the laws and administrative regulations of the PRC must obtain the approvals according to the laws)</u></p>
4	<p>Note: The existing Article 136 will be re-numbered as Article 138. No change will be made to the provision of the existing Article 136.</p>	<p><u>Article 136</u></p> <p><u>The Board should first take into account the opinions of the Party Committee of the Company before resolving major issues such as those involving the reform development of the Company, main goals and tasks and key work arrangements. When the Board has to appoint senior management of the Company, the Party Committee shall prepare and make proposals and suggestions on the candidates nominated by the Board or the general manager.</u></p>

No.	Before amendments	After amendments
5	<p>Article 139</p> <p>Regular meetings of the Board are required to be held at least four times a year, to be convened and presided by the chairman (or any director authorized by the chairman). Notices of such meeting shall be issued to the directors through email, telegraph, fax, express mail, registered mail or in person 14 days before the date of such meeting. In the event of urgent matters, an extraordinary meeting of the Board may be convened at the proposal of one-third (inclusive) or more of the directors or the manager(s) of the Company.</p> <p>Board meetings, in principle, are held at the Company's legal address. However, they may also be held at any other places in or outside of China as resolved by the Board.</p>	<p>Article 141</p> <p>Regular meetings of the Board are required to be held at least four times a year, to be convened and presided by the chairman (or any director authorized by the chairman). Notices of such meeting shall be issued to the directors through email, telegraph, fax, express mail, registered mail or in person 10 days before the date of such meeting. In the event of urgent matters, an extraordinary meeting of the Board may be convened at the proposal of one-third (inclusive) or more of the directors or the manager(s) of the Company.</p> <p>Board meetings, in principle, are held at the Company's legal address. However, they may also be held at any other places in or outside of China as resolved by the Board.</p>
6	<p>Article 141</p> <p>Where it is necessary to convene a provisional meeting of board of directors, a notice shall be given to the general body of directors by-mail, telephone, telegraph or facsimile at least 48 hours in advance.</p> <p>Shareholders representing more than one-tenth of voting rights or more than one-third of directors, supervisors or managers of the Company may propose to convene a provisional meeting of Board. The chairman of the Board shall convene and preside a board meeting within ten days after receiving such proposal.</p>	<p>Article 143</p> <p>Where it is necessary to convene a provisional meeting of board of directors, a notice shall be given to the general body of directors by-mail, telephone, telegraph or facsimile at least 5 days in advance. <u>In case of emergency situations, where a provisional meeting of board of directors is required to be convened as soon as possible, notice to convene the meeting may be given by telephone or by other verbal means. The convener of the meeting is required to give an explanation at the meeting.</u></p> <p>Shareholders representing more than one-tenth of voting rights or more than one-third of directors, supervisors or managers of the Company may propose to convene a provisional meeting of Board. The chairman of the Board shall convene and preside a board meeting within ten days after receiving such proposal.</p>

No.	Before amendments	After amendments
7	<p data-bbox="197 174 360 208">Article 158</p> <p data-bbox="197 257 825 570">(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 data-bbox="261 619 825 1727" style="list-style-type: none"> <li data-bbox="261 619 825 1293">1. any material 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 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. <li data-bbox="261 1342 825 1412">2. propose to the Board for the appointment or removal of auditors; <li data-bbox="261 1461 825 1532">3. propose to the Board for convening an extraordinary general meeting; <li data-bbox="261 1581 825 1615">4. propose to convene Board meetings; <li data-bbox="261 1664 825 1727">5. appoint an independent external auditing firm or consultant firm; 	<p data-bbox="841 174 1007 208">Article 160</p> <p data-bbox="841 257 1471 570">(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 data-bbox="904 619 1471 1698" style="list-style-type: none"> <li data-bbox="904 619 1471 1251">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. <li data-bbox="904 1300 1471 1370">2. propose to the Board for the appointment or removal of auditors; <li data-bbox="904 1419 1471 1489">3. propose to the Board for convening an extraordinary general meeting; <li data-bbox="904 1538 1471 1572">4. propose to convene Board meetings; <li data-bbox="904 1621 1471 1698">5. appoint an independent external auditing firm or consultant firm;

No.	Before amendments	After amendments
	<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>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>

No.	Before amendments	After amendments
8	<p data-bbox="197 172 360 208">Article 159</p> <p data-bbox="197 257 826 449">(1) In addition to the performance of aforesaid duties, independent directors shall provide independent views to the Board or the general meetings in respect of the following matters:</p> <ol data-bbox="261 497 826 1853" style="list-style-type: none"> <li data-bbox="261 497 826 570">1. nomination, appointment and removal of Directors; <li data-bbox="261 619 826 691">2. employment or dismissal of senior management personnel; <li data-bbox="261 740 826 853">3. remuneration of Directors and senior management personnel of the Company; <li data-bbox="261 902 826 1336">4. any existing or new loan or any other financial transaction between the Company's shareholders, de facto controlling person and related enterprises and the Company with the aggregate amount over RMB3 million or over <u>5%</u> of the latest audited net assets value of the Company and whether the Company has adopted effective measures to recover outstanding amount; <li data-bbox="261 1385 826 1498">5. any matters which may be to the detriment of the rights of medium and minority shareholders; <li data-bbox="261 1547 826 1659">6. Nil cash distribution proposal recommended by the Board of directors; <li data-bbox="261 1708 826 1742">7. external guarantee of the Company; <li data-bbox="261 1791 826 1853">8. any other matters stipulated in the Company's Articles of Association. 	<p data-bbox="841 172 1003 208">Article 161</p> <p data-bbox="841 257 1474 449">(1) In addition to the performance of aforesaid duties, independent directors shall provide independent views to the Board or the general meetings in respect of the following matters:</p> <ol data-bbox="904 497 1474 1853" style="list-style-type: none"> <li data-bbox="904 497 1474 570">1. nomination, appointment and removal of Directors; <li data-bbox="904 619 1474 691">2. employment or dismissal of senior management personnel; <li data-bbox="904 740 1474 853">3. remuneration of Directors and senior management personnel of the Company; <li data-bbox="904 902 1474 1336">4. any existing or new loan or any other financial transaction between the Company's shareholders, de facto controlling person and related enterprises and the Company with the aggregate amount over RMB3 million or over <u>0.5%</u> of the latest audited net assets value of the Company and whether the Company has adopted effective measures to recover outstanding amount; <li data-bbox="904 1385 1474 1498">5. any matters which may be to the detriment of the rights of medium and minority shareholders; <li data-bbox="904 1547 1474 1659">6. Nil cash distribution proposal recommended by the Board of directors; <li data-bbox="904 1708 1474 1742">7. external guarantee of the Company; <li data-bbox="904 1791 1474 1853">8. any other matters stipulated in the Company's Articles of Association.

No.	Before amendments	After amendments
	<p>(2) Independent directors shall give one of the following opinions in respect of the aforesaid matters:</p> <ol style="list-style-type: none"> 1. consent; 2. qualified opinion and its reason; 3. objection and its reason; 4. no comment and the restriction on making comments. <p>(3) If the matters are disclosable, the Company shall also make public announcement on the independent directors' opinion. Where there are dissenting opinions among the independent directors, the Board shall disclose all independent directors' opinion separately</p>	<p>(2) Independent directors shall give one of the following opinions in respect of the aforesaid matters:</p> <ol style="list-style-type: none"> 1. consent; 2. qualified opinion and its reason; 3. objection and its reason; 4. no comment and the restriction on making comments. <p>(3) If the matters are disclosable, the Company shall also make public announcement on the independent directors' opinion. Where there are dissenting opinions among the independent directors, the Board shall disclose all independent directors' opinion separately</p>

No.	Before amendments	After amendments
9	<p data-bbox="197 174 360 208">Article 217</p> <p data-bbox="197 257 825 491">The profit distribution of the Company is made according to the proportion of the shares held by the shareholders, emphasizing on bringing reasonable investment returns to the investors. The profit distribution policy strives to maintain continuity and stability.</p> <p data-bbox="197 538 825 612">(I) The Company's profit distribution policy is as follows:</p> <p data-bbox="261 657 743 691">1. Principle of profit distribution:</p> <p data-bbox="320 738 825 1172">The Company implements a stable policy of profit distribution. On making a profit distribution, the Company will comply with the statutory requirement to make the distribution in order and will take into account the provision of reasonable and stable returns on investment to the shareholders and the long-term and sustainable growth of the Company.</p>	<p data-bbox="844 174 1007 208">Article 219</p> <p data-bbox="844 257 1471 491">The profit distribution of the Company is made according to the proportion of the shares held by the shareholders, emphasizing on bringing reasonable investment returns to the investors. The profit distribution policy strives to maintain continuity and stability.</p> <p data-bbox="844 538 1471 612">(I) The Company's profit distribution policy is as follows:</p> <p data-bbox="908 657 1390 691">1. Principle of profit distribution:</p> <p data-bbox="967 738 1471 1172">The Company implements a stable policy of profit distribution. On making a profit distribution, the Company will comply with the statutory requirement to make the distribution in order and will take into account the provision of reasonable and stable returns on investment to the shareholders and the long-term and sustainable growth of the Company.</p>

No.	Before amendments	After amendments
	<p data-bbox="260 176 724 208">2. Method of profit distribution:</p> <p data-bbox="320 257 826 1008">The Company may implement profit distribution in the form of cash, bonus shares or a combination of both, or such other forms which are permitted by laws and regulations. For the purpose of profit distribution, distribution in the form of cash dividend shall have priority over dividend in the form of shares. If the Company shall distribute profits in the form of bonus shares, such distribution shall be made subject to the provision of reasonable dividend in the form of cash and maintenance of an appropriate size of share capital, taking into account, among other things, the growth of the Company and dilution of the net asset value per share.</p> <p data-bbox="320 1059 826 1406">Subject to the satisfaction of the conditions for distribution of cash dividend, the Company shall distribute dividend in cash annually. The Board may, subject to conditions and base on the financial position of the Company, recommend the Company to declare interim dividends.</p>	<p data-bbox="904 176 1369 208">2. Method of profit distribution:</p> <p data-bbox="965 257 1471 1008">The Company may implement profit distribution in the form of cash, bonus shares or a combination of both, or such other forms which are permitted by laws and regulations. For the purpose of profit distribution, distribution in the form of cash dividend shall have priority over dividend in the form of shares. If the Company shall distribute profits in the form of bonus shares, such distribution shall be made subject to the provision of reasonable dividend in the form of cash and maintenance of an appropriate size of share capital, taking into account, among other things, the growth of the Company and dilution of the net asset value per share.</p> <p data-bbox="965 1059 1471 1406">Subject to the satisfaction of the conditions for distribution of cash dividend, the Company shall distribute dividend in cash annually. The Board may, subject to conditions and base on the financial position of the Company, recommend the Company to declare interim dividends.</p>

No.	Before amendments	After amendments
	<p data-bbox="260 176 823 251">3. Conditions of profit distribution and minimum dividend proportion:</p> <p data-bbox="320 300 823 1091">The Company shall pay dividends and the total amount of cash dividends so paid (including the interim dividend in cash having been distributed) shall not be less than 10% of the net profit attributable to shareholders of the Company for the year and the accumulated profits distributed in cash in the last three years shall not be less than 30% of the average realized annual distributable profits for the last three years, provided that the working capital requirement for the Company's normal production and operation is met and the long term and sustainable growth of the Company is maintained, and that there is no material investment plan or material cash expense.</p> <p data-bbox="320 1140 823 1332">No dividend shall be distributed before the Company offsets its losses and makes contributions to the statutory surplus reserve and the statutory public welfare fund.</p> <p data-bbox="320 1381 823 1687">Material investment plan or material cash expense means the proposed external investment, acquisition or purchase of assets by the Company in the next twelve months with accumulated expenses amounting to or exceeding 10% of the latest audited net assets of the Company.</p>	<p data-bbox="903 176 1469 251">3. Conditions of profit distribution and minimum dividend proportion:</p> <p data-bbox="963 300 1469 1091">The Company shall pay dividends and the total amount of cash dividends so paid (including the interim dividend in cash having been distributed) shall not be less than 10% of the net profit attributable to shareholders of the Company for the year and the accumulated profits distributed in cash in the last three years shall not be less than 30% of the average realized annual distributable profits for the last three years, provided that the working capital requirement for the Company's normal production and operation is met and the long term and sustainable growth of the Company is maintained, and that there is no material investment plan or material cash expense.</p> <p data-bbox="963 1140 1469 1332">No dividend shall be distributed before the Company offsets its losses and makes contributions to the statutory surplus reserve and the statutory public welfare fund.</p> <p data-bbox="963 1381 1469 1687">Material investment plan or material cash expense means the proposed external investment, acquisition or purchase of assets by the Company in the next twelve months with accumulated expenses amounting to or exceeding 10% of the latest audited net assets of the Company.</p>

No.	Before amendments	After amendments
	<p>For distribution of dividends, the Board shall take into account, among other things, features of the industries where the Company operates, stage of development, the Company's own business model, profits level and whether there is significant capital expenditure arrangement in distinguishing the following situations and form different profits distribution proposals in accordance with the provisions of the Articles of Association:</p> <ol style="list-style-type: none"> <li data-bbox="320 778 826 1012">(1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends shall be at least 80% in the profit distribution; <li data-bbox="320 1059 826 1293">(2) If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 40% in the profit distribution; <li data-bbox="320 1340 826 1574">(3) If the Company is at the growing stage and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 20% in the profit distribution. <p>If it is difficult to distinguish the Company's stage of development but there is significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.</p>	<p>For distribution of dividends, the Board shall take into account, among other things, features of the industries where the Company operates, stage of development, the Company's own business model, profits level and whether there is significant capital expenditure arrangement in distinguishing the following situations and form different profits distribution proposals in accordance with the provisions of the Articles of Association:</p> <ol style="list-style-type: none"> <li data-bbox="967 778 1473 1012">(1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends shall be at least 80% in the profit distribution; <li data-bbox="967 1059 1473 1293">(2) If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 40% in the profit distribution; <li data-bbox="967 1340 1473 1574">(3) If the Company is at the growing stage and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 20% in the profit distribution. <p>If it is difficult to distinguish the Company's stage of development but there is significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.</p>

No.	Before amendments	After amendments
	<p data-bbox="256 176 826 453">4. In the event of misappropriation of the Company's funds by a Shareholder, the Company can deduct the funds misappropriated from the cash dividends to be allocated to that Shareholder as repayment.</p> <p data-bbox="197 495 826 570">(II) Procedures for decision making on profit distribution by the Company:</p> <p data-bbox="256 619 826 1336">The management of the Company shall make reasonable proposals on profit distribution to the Board based on, among other things, the provisions of the Articles of Association, size of share capital, profits, investment arrangements, capital needs, cash flow and returns to the shareholders of the Company. The Board should fully and widely listen to the opinions of the independent directors and minority shareholders with respect to the profit distribution proposal through multiple channels and propose detailed annual or interim profit distribution plans which are scientific and reasonable. The independent directors shall fully express their independent opinions with respect to such profit distribution plan(s).</p>	<p data-bbox="900 176 1469 453">4. In the event of misappropriation of the Company's funds by a Shareholder, the Company can deduct the funds misappropriated from the cash dividends to be allocated to that Shareholder as repayment.</p> <p data-bbox="841 495 1469 570">(II) Procedures for decision making on profit distribution by the Company:</p> <p data-bbox="900 619 1469 1336">The management of the Company shall make reasonable proposals on profit distribution to the Board based on, among other things, the provisions of the Articles of Association, size of share capital, profits, investment arrangements, capital needs, cash flow and returns to the shareholders of the Company. The Board should fully and widely listen to the opinions of the independent directors and minority shareholders with respect to the profit distribution proposal through multiple channels and propose detailed annual or interim profit distribution plans which are scientific and reasonable. The independent directors shall fully express their independent opinions with respect to such profit distribution plan(s).</p>

No.	Before amendments	After amendments
	<p>When the profit distribution plan(s) is being considered by the Board, it shall be approved by the majority of all directors and approved by more than one half of the independent directors who are also required to express their explicit independent opinions. When the profit distribution plan(s) is being considered by the supervisory committee, it shall be approved by the majority of all supervisors. The profit distribution plan(s) should only be submitted to the shareholders' meeting for consideration and approval after it has been considered and approved by the Board and the supervisory committee and the plan(s) shall be approved by shareholders present at the general meeting and who hold more than <u>two-thirds</u> of the voting rights.</p> <p>Independent directors may solicit opinions of minority shareholders, propose profit distribution plans and directly submit them to the Board for consideration. The performance of the above functions and exercise of the above authorities by independent directors must be approved by more than one half of all the independent directors.</p>	<p>When the profit distribution plan(s) is being considered by the Board, it shall be approved by the majority of all directors and approved by more than one half of the independent directors who are also required to express their explicit independent opinions. When the profit distribution plan(s) is being considered by the supervisory committee, it shall be approved by the majority of all supervisors. The profit distribution plan(s) should only be submitted to the shareholders' meeting for consideration and approval after it has been considered and approved by the Board and the supervisory committee and the plan(s) shall be approved by shareholders present at the general meeting and who hold <u>more than two-thirds</u> of the voting rights.</p> <p>Independent directors may solicit opinions of minority shareholders, propose profit distribution plans and directly submit them to the Board for consideration. The performance of the above functions and exercise of the above authorities by independent directors must be approved by more than one half of all the independent directors.</p>

No.	Before amendments	After amendments
	<p>(III) In the event that the Company revises its profit distribution policy in response to the external business environment or its own state of operation, the Company shall first consider the protection of the shareholders' interests, make thorough consideration and state the reasons thereof. The revised profit distribution policy shall not be contrary to the relevant requirements of CSRC and stock exchanges in the PRC and Hong Kong. The proposal for the revision of the profit distribution policy shall first be approved by the independent directors of the Company and they shall express independent opinions, and thereafter shall be proposed to the Board for consideration before being submitted to the general meeting for consideration and approval by a special resolution thereat. When considering the revised proposal with regard to cash distribution policies, the Company should, through network voting and other ways, to provide convenience for minority shareholders in connection with their attendance at the shareholders' meeting, and such proposal shall be approved by more than two thirds of the voting rights held by the shareholders present at the shareholders' meeting.</p> <p><u>If the Company records profits for a year but the Board fails to make any proposal for cash profit distribution, the Board shall state the reasons thereof in detail and the planned application and use of such retained funds that would have been otherwise available for distribution in the annual report for the year, and the independent directors shall express independent opinions in such regard and shall be disclosed accordingly.</u></p>	<p>(III) In the event that the Company revises its profit distribution policy in response to the external business environment or its own state of operation, the Company shall first consider the protection of the shareholders' interests, make thorough consideration and state the reasons thereof. The revised profit distribution policy shall not be contrary to the relevant requirements of CSRC and stock exchanges in the PRC and Hong Kong. The proposal for the revision of the profit distribution policy shall first be approved by the independent directors of the Company and they shall express independent opinions, and thereafter shall be proposed to the Board for consideration before being submitted to the general meeting for consideration and approval by a special resolution thereat. When considering the revised proposal with regard to cash distribution policies, the Company should, through network voting and other ways, to provide convenience for minority shareholders in connection with their attendance at the shareholders' meeting, and such proposal shall be approved by more than two thirds of the voting rights held by the shareholders present at the shareholders' meeting.</p> <p><u>In special circumstances where the Company cannot determine the annual profit distribution according to the established cash distribution policy or the minimum cash distribution ratio, the Company shall disclose the reasons in the annual report and the express opinions of the independent directors. The annual profit distribution shall be approved by more than two thirds of the voting rights held by the shareholders present at the shareholders' meeting.</u></p>

No.	Before amendments	After amendments
	<p>(IV) The Company shall expressly disclose the details about the formulation and implementation of the cash dividend policy in its annual report, and state the details of the following matters:</p> <ol style="list-style-type: none"> 1. Whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting; 2. Whether the basis and ratio of the distribution of dividends are specific and clear; 3. Whether the relevant decision making procedure and system are sound; 4. Whether the independent directors have duly performed their duties and functions; 5. Whether there are enough opportunities for minority shareholders to express their views and concerns, and whether their legal interests are sufficiently protected, etc. <p>If the cash dividend policy is to be adjusted or changed, the Company shall disclose the details of such policy, such as whether the conditions and procedures for the adjustments or changes are in compliance with the regulations and are transparent.</p>	<p>(IV) The Company shall expressly disclose the details about the formulation and implementation of the cash dividend policy in its annual report, and state the details of the following matters:</p> <ol style="list-style-type: none"> 1. Whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting; 2. Whether the basis and ratio of the distribution of dividends are specific and clear; 3. Whether the relevant decision making procedure and system are sound; 4. Whether the independent directors have duly performed their duties and functions; 5. Whether there are enough opportunities for minority shareholders to express their views and concerns, and whether their legal interests are sufficiently protected, etc. <p>If the cash dividend policy is to be adjusted or changed, the Company shall disclose the details of such policy, such as whether the conditions and procedures for the adjustments or changes are in compliance with the regulations and are transparent.</p>

Note: The numbering of chapters and articles of the amended Articles of Association will be re-numbered in accordance with the numbering of the amended chapters and articles in the Articles of Association arising from the changes in the numbering of the original chapters and articles due to the additions of certain chapters and under the Proposed Amendments. The amended Articles of Association will also be revised accordingly for any changes in the numbering of the chapters and articles with cross-reference made in the original Articles of Association.

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.