

**SHANGHAI PHARMACEUTICALS HOLDING
CO., LTD.**

ARTICLES OF ASSOCIATION

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Note: In these Articles of Association (the “**AOA**”), the below capitalized terms shall have the following meanings: “**Company Law**” means the Company Law of the People’s Republic of China (“**PRC**”); “**Mandatory Provisions**” means the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas (Zheng Wei Fa [1994] No. 21) issued by former Securities Commission of the State Council and former State Commission for Economic Restructuring (“**SCER**”); “**Opinions**” means the Opinions on Further Standardizing Operations and Reform of Companies Listed outside the PRC (Guo Jing Mao Qi Gai [1999] No. 230) issued by State Economic and Trade Commission and the China Securities Regulatory Commission; “**Listing Rules**” means the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by the Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”).

These AOA were amended and approved at the 23th meeting of the 5th Board of Directors convened on 6 May 2016 and were reviewed and approved at the 2015 Annual General Meeting convened on 28 June 2016.

CHAPTER 1 GENERAL PROVISIONS

Article 1 The Company is a joint stock limited company (the “**Company**”), which is established in accordance with the *Company Law, Special Provisions of the State Council on the Issuance and Listing of Shares Overseas by Joint Stock Limited Companies* and other relevant laws, administrative regulations and departmental rules.

The Company is incorporated through public offering of shares. The Company is registered with Shanghai Administration for Industry and Commerce and has obtained the business license with the registration number of 310000000026221. The sponsor of the Company is Shanghai Pharmaceutical (Group) Co., Ltd.

Following an approval (Guo Zi Chan Quan [2010] No. 1467) issued by the State-owned Assets Supervision and Administration Commission of the State Council (“**SASAC**”) and an approval (Zheng Jian Xu Ke [2011] No.533) issued by China Securities Regulatory Commission (“**CSRC**”), the Company has been converted into a joint stock limited company offering shares overseas.

Mandatory Provisions, Article 1

Article 2 Following the approval by CSRC, the Company initially issued 15,000,000 Renminbi ordinary shares to the public in October 1993, and the shares of the Company were listed on the Shanghai Stock Exchange on March 24, 1994. Shanghai No.4 Pharmaceutical Co., Ltd. is the predecessor of the Company. In July 1998, Shanghai Pharmaceutical (Group) Corporation exchanged on an equal basis the prime operating assets of its subsidiaries after the restructuring, namely, Shanghai Municipal Pharmaceutical Company Limited, Shanghai Pharmaceutical Industry and Sales Co., Ltd. and Shanghai Tianping Pharmaceutical Factory for the assets of Shanghai No.4 Pharmaceutical Co., Ltd. Upon completion of the asset restructuring, Shanghai No.4 Pharmaceutical Co., Ltd. was renamed Shanghai Pharmaceutical Co., Ltd.

On January 29, 2010, pursuant to the approval granted by the CSRC, the Company merged with Shanghai Industrial Pharmaceutical Investment Co., Ltd. and Shanghai Zhongxi Pharmaceutical Co., Ltd. by absorption, issued shares to Shanghai

Pharmaceutical (Group) Co., Ltd. to acquire the pharmaceutical assets, issued shares to Shanghai Shangshi (Group) Co., Ltd. to raise funds and used such funds to acquire the pharmaceutical assets from Shanghai Industrial Holdings Limited.

Article 3 Registered Name of the Company

Chinese Name: 上海医药集团股份有限公司

English Name: Shanghai Pharmaceuticals Holding Co.,Ltd.

Mandatory Provisions, Article 2

Article 4 Registered Address: No.92, Zhangjiang Road, Pudong New Area, Shanghai, Post Code: 201203

Mandatory Provisions, Article 3

Article 5 The chairperson of the board of directors (the “**Board**”) is the legal representative of the Company.

Mandatory Provisions, Article 4

Article 6 The Company is a joint stock limited company in perpetual existence.

Mandatory Provisions, Article 5

Article 7 All the assets of the Company are divided into equal shares. The shareholders of the Company shall assume liabilities towards the Company to the extent of the shares subscribed respectively by them. The Company shall be liable for its debts to the extent of its total assets.

Article 8 This AOA were approved by the shareholders’ general meeting of the Company through special resolution as well as by the competent approval authorities, and will become effective after the H Shares issued by the Company (the “**H Shares**”) have been listed and traded on the Hong Kong Stock Exchange.

The original articles of association and amendments thereto of the Company shall become null and void automatically as of the date on which this AOA become effective.

This AOA constitute a legally binding document regulating the Company's organization and activities, and the relationship of the rights and obligations between the Company and each shareholder and between the shareholders as of the date on which they become effective.

Mandatory Provisions, Article 6

Article 9 This AOA shall have binding force on the Company, its shareholders, directors, supervisors, the president and other members of the senior management. The above-mentioned personnel may bring about claims in relation to the Company affairs in accordance with this AOA.

In accordance with this AOA, shareholders may bring lawsuits against other shareholders, shareholders may bring lawsuits against directors, supervisors, the president or other members of the senior management, shareholders may bring lawsuits against the Company, and the Company may bring lawsuits against its shareholders, directors, supervisors, the president or other members of the senior management.

The lawsuits as mentioned in the paragraph above shall include lawsuits brought before the court or the arbitration brought before the designated arbitration agency in accordance with this AOA.

Mandatory Provisions, Article 7

Article 10 The other members of the senior management, for the purpose of this AOA, are the vice president, secretary of the Board, financial controller and other personnel performing the duties identical with or similar to those of the personnel mentioned above.

Article 11 The Company may invest in other limited liability companies or joint stock limited companies, and assume liability towards the invested companies to the extent of its capital contribution.

Unless otherwise provided by law, the Company shall not assume joint liability for the debts of the invested companies.

In light of the operation and management demand, the Company may conduct the investment operation in accordance with the *Company Law* upon the approval of the competent authorities authorized by the State Council.

Mandatory Provisions, Article 8

Article 12 Subject to compliance with the relevant applicable laws and administrative regulations as well as the *Listing Rules*, the Company has the right to raise and borrow money, which includes, without limitation, the right to issue debentures and to mortgage or pledge the Company's properties. The Company also has the right to provide guarantee for any third party, provided, however, its exercise of the above-mentioned rights shall not prejudice or abolish any right of its shareholders of any class.

CHAPTER 2 BUSINESS PURPOSES AND SCOPE OF BUSINESS

Article 13 The business purposes of the Company are: to care about life, bring benefits to people's health, commit itself to technology improvement, structure optimization, industry upgrade and brand promotion with the spirit of safety, high quality, high efficiency and environmental protection, and increase the core competitive strength so as to make the Company become a leading enterprise in the pharmaceutical industries, pursue best interests for its shareholders, employees, customers and other stakeholders and undertake social responsibilities.

Mandatory Provisions, Article 9

Article 14 Upon registration with the registration authority of the Company, the Company's scope of business is: researching, developing, manufacturing and selling

crude drugs, pharmaceutical products (including but not limited to chemical crude drugs, chemical drug preparations, traditional Chinese medicinal materials, Chinese patent drugs, prepared slices of Chinese crude drugs, biochemical drugs, biological products, narcotics, psychotropic drugs, toxic drugs for medical use [being consistent with the business scope] and vaccines) of various preparations (including but not limited to tablets, capsules, aerosols, immunomodulators, granules, ointments, pills, oral liquids, inhalations, injections, liniments, tinctures and suppositories), manufacturing, selling, installing and maintaining pharmaceutical equipment, warehouse, logistics, sea air & land freight forwarding services, industrial investment, assets management, international economic and trade information consulting services, self-owned properties rent, as well as importation and exportation of various drugs and relevant commodities and technologies (subject to licensing if involved).

Mandatory Provisions, Article 10

CHAPTER 3 SHARES AND REGISTERED CAPITAL

SECTION 1 ISSUANCE OF SHARES

Article 15 The Company shall have ordinary shares at all times. It may have other classes of shares as needed and upon approval by the approval authorities that are authorized by the State Council.

Mandatory Provisions, Article 11

Article 16 All the shares issued by the Company shall have a par value which shall be RMB 1 for each share.

RMB as mentioned in the preceding paragraph is the legal currency of the PRC.

Mandatory Provisions, Article 12

Article 17 The Company may issue shares to investors inside or outside the PRC following approval from the competent securities authorities of the State Council.

For the purposes of the preceding paragraph, the term “investors outside the PRC” shall refer to investors from foreign countries or from Hong Kong, Macao or

Taiwan that subscribe for shares issued by the Company, and the term “investors inside the PRC” shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Mandatory Provisions, Article 13

Article 18 Shares issued by the Company to investors inside the PRC and to be subscribed for in RMB shall be referred to as “Domestic Shares”. Shares issued by the Company to investors outside the PRC and to be subscribed for in a foreign currency shall be referred to as “Foreign Shares”. Foreign Shares listed outside the PRC shall be referred to as “Foreign Shares listed outside the PRC”.

Holders of Domestic Shares and Foreign Shares listed outside the PRC are holders of ordinary shares, and shall have the same rights as well as undertake same obligations.

Following an approval from the securities regulatory authorities of PRC, holders of Domestic Shares of the Company may transfer the shares held by them to investors outside the PRC for listing and trading outside the PRC. The listing and trading of such transferred shares on the stock exchange outside the PRC shall also conform to the regulatory procedure, rules and requirement of the stock exchange outside the PRC.

Mandatory Provisions, Article 14

Listing Rules, App 3 Para9

Article 19 Foreign Shares issued by the Company and listed on the Hong Kong Stock Exchange shall be referred to as “H Shares”, which means shares to be listed and traded on the Hong Kong Stock Exchange with the par value indicated in RMB and to be subscribed for in Hong Kong dollars.

The foreign currency mentioned in the preceding paragraph means a legal currency (other than RMB) of any other country or region accepted by the competent foreign exchange control authority of the PRC which may be used to make payment for shares.

Article 20 Prior to the issuance of H Shares, the Company's total number of shares is 1,992,643,338 (one billion nine hundred and ninety-two million six hundred and forty-three thousand three hundred and thirty-eight), all of which are Domestic Shares.

Mandatory Provisions, Article 15

Article 21 Following an approval (Zheng Jian Xu Ke [2011] No.533) issued by the CSRC, the Company shall issue no less than 664,214,446 H Shares, and may issue no more than 763,846,613 shares (including 99,632,167 over-allotment shares) if the Company exercises an over-allotment option, on April 12, 2011.

The global offering of H Shares and the exercise of the over-allotment option by the Company was approved by the Hong Kong Stock Exchange on May 19, 2011. After the offering of H Shares and part exercise of the over-allotment option by the Company, the number of the Company's shares shall be 2,688,910,538 in total, among which there shall be 1,923,016,618 Domestic Shares and shall be 765,893,920 Foreign Shares listed outside the PRC (H Shares) (including 664,214,000 initial global offering shares, 32,053,200 over-allotment shares, and 69,626,720 shares held by National Social Security Fund Committee).

Mandatory Provisions, Article 16

Listing Rules, App 3 Para9

Article 22 After the plan for issuing Foreign Shares listed outside the PRC and Domestic Shares has been approved by the competent securities authorities of the

State Council, the Board of the Company may arrange for implementation of such plan by means of separate issuance.

The Company's plan for separate issuance of Foreign Shares listed outside the PRC and Domestic Shares in accordance with the preceding paragraph may be implemented separately within fifteen (15) months of being approved by the competent securities authorities of the State Council.

Mandatory Provisions, Article 17

Article 23 Where the Company issues Foreign Shares listed outside the PRC and Domestic Shares separately within the total number of shares determined in the issuance plan, every such issuance shall be fully subscribed for at one time. Where special circumstances make it impossible for every such issuance to be fully subscribed for at one time, the shares may be issued in several stages, subject to the approval of the competent securities authority of the State Council.

Mandatory Provisions, Article 18

Article 24 Prior to the issuance of H Shares, the registered capital of the Company is RMB 1,992,643,338 (Renminbi one billion nine hundred and ninety-two million six hundred and forty-three thousand three hundred and thirty-eight *yuan*). After the issuance of H Shares, the registered capital of the Company shall be increased to RMB 2,688,910,538 (Renminbi two billion six hundred and eighty-eight million nine hundred and ten thousand five hundred and thirty-eight *yuan*). The change of the Company's registered capital shall be registered with the competent administration for industry and commerce.

Mandatory Provisions, Article 19

Article 25 The Company may, based on its needs of operation and development, approve an increase in its capital in accordance with the relevant provisions of this AOA.

The Company may increase its capital in the following ways:

- (i) offering new share to non-specialty-designated investors for subscription;
- (ii) placing new share to its existing shareholders;
- (iii) distributing new share to its existing shareholders; and
- (iv) any other way permitted by laws and administrative regulations.

The Company's increase of capital by issuing new share shall, after being approved in accordance with the provisions of this AOA, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

Mandatory Provisions, Article 20

Article 26 Unless otherwise provided by laws or administrative regulations, shares in the Company are freely transferable, without any lien.

Mandatory Provisions, Article 21

Listing Rules, App 3 Para1(2)

SECTION 2 REDUCTION OF REGISTERED CAPITAL AND REPURCHASE OF SHARES

Article 27 The Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the *Company Law*, other relevant provisions and this AOA.

Mandatory Provisions, Article 22

Article 28 In the event of a reduction in its registered capital as required, the Company must prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in China Securities Journal, Shanghai Securities News and Securities Times within thirty (30) days of the date of such resolution. A creditor shall, within thirty (30) days of receipt of the notice from the Company or, as to a creditor who does not receive such notice, within forty-five

(45) days of the date of the public announcement, have the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts.

The Company's registered capital shall not, after the reduction in capital, be less than the minimum amount prescribed by law.

Mandatory Provisions, Article 23

Article 29 The Company may, in accordance with the provisions set out in the laws, administrative regulations, departmental rules and this AOA, repurchase its shares under any of the following circumstances:

- (i) reduction of its registered capital;
- (ii) merging with another company that holds shares in the Company;
- (iii) giving shares to the Company's employees as a reward;
- (iv) being requested to repurchase the shares of the Company by shareholders who object to a resolution adopted at the shareholders' general meeting concerning any merger or division of the Company; or
- (v) other circumstances permitted by laws, administrative regulations, *Hong Kong Codes on Takeovers, Mergers and Share Repurchases*, and *Listing Rules*.

Except for the above mentioned circumstances, the Company may not purchase or sell its own shares.

Repurchase of the Company's shares in accordance with the above-mentioned sub-paragraph (i) to (iii) shall be subject to resolution by the shareholders' general meeting.

Shares repurchased in accordance with sub-paragraph (i) of the first paragraph by the Company shall be cancelled within ten (10) days from the date of repurchase, while shares repurchased in accordance with sub-paragraph (ii) or (iv) shall be transferred or cancelled within six (6) months from the date of repurchase.

The amount of shares repurchased in accordance with sub-paragraph (iii) of the first paragraph by the Company shall not exceed five percent (5%) of the Company's existing shares. Funds for the above-mentioned repurchase shall be paid out of the

after-tax profits of the Company and such repurchased shares shall be transferred to the employees with one (1) year from the date of repurchase.

Mandatory Provisions, Article 24

Article 30 The Company may, upon the approval of the relevant competent authority of the State, repurchase its shares, in one of the following ways:

- (i) making a pari passu offer for repurchase to each of its shareholders;
- (ii) collectively trading through bidding at a stock exchange;
- (iii) repurchasing by an off-market agreement; or
- (iv) other ways approved by CSRC and the regulators of the place where the Company is listed.

Mandatory Provisions, Article 25

Article 31 Where the Company repurchases its share by an off-market agreement, the prior approval of the shareholders' general meeting shall be obtained in accordance with this AOA. The Company may rescind or vary any contract so entered into by the Company or waive any right therein upon the prior approval of the shareholders' general meeting obtained in the same manner.

A contract in relation to repurchase of shares as referred to in the preceding paragraph includes (without limitation) an agreement on being obliged to repurchase and acquiring the right to repurchase shares.

The Company shall not assign any contract in relation to repurchase of its shares or any right as provided for therein.

In respect of the Company's right to repurchase the redeemable shares:

- (i) if such shares are to be repurchased in an off-market way or through public bidding, the price for repurchase shall be limited to a certain highest price; and
- (ii) if such shares are to be repurchased through public bidding, the relevant bid invitation shall be sent to all shareholders of the Company without distinction.

Mandatory Provisions, Article 26

Listing Rules, App 3 Para8(1),(2)

Article 32 Shares repurchased in accordance with law by the Company shall be cancelled within the period prescribed by laws and administrative regulations, and the Company shall apply to the original company registration authority for registration of the change of its registered capital.

The aggregate par value of those cancelled shares shall be deducted from the Company's registered capital.

Mandatory Provisions, Article 27

Article 33 Unless the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its issued shares:

(i) where the Company repurchases its shares at par value, payment shall be made out of the book surplus of distributable profits of the Company or out of proceeds from issue of new shares for repurchase of old shares;

(ii) where the Company repurchases its shares at a premium to par value, the portion of payment equal to the par value shall be made out of the book surplus of distributable profits of the Company or out of the proceeds from issue of new shares for repurchase of old share; the portion in excess of the par value shall be effected in the way as follows:

(1) if the shares repurchased are issued at par value, payment shall be made out of the book surplus of distributable profits of the Company; or

(2) if the shares repurchased are issued at a premium to par value, payment shall be made out of the book surplus of distributable profits of the Company or out of the proceeds from issue of new shares for repurchase of old shares, provided that the amount paid out of the proceeds from issue of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the repurchased shares or the current amount of the Company's share premium account or capital reserve fund account (including the amount of premiums on the issue of new shares) at the time of repurchase;

(iii) payment by the Company for the following purposes shall be made out of the Company's distributable profits:

(1) acquisition of the right to repurchase the shares of the Company;

(2) variation of any contract in relation to repurchase of the shares of the Company; and

(3) release of any of the Company's obligations under any contract in relation to repurchase of the shares of the Company; and

(iv) after the total par value of the cancelled shares are deducted from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for the portion of payment equal to the par value of the shares repurchased shall be charged to the Company's premium account (or capital reserve fund account).

Mandatory Provisions, Article 28

SECTION 3 TRANSFER OF SHARES

Article 34 The Company may not accept the Company's shares as the subject of pledge.

Article 35 The Company's shares may be transferred, bestowed, inherited and mortgaged in accordance with relevant laws, administrative regulations and this AOA.

Transfer documents or other documents in relation to or having effect on the ownership of any H Shares or other registered securities shall be registered.

Listing Rules, App 3 Para1(1)

Article 36 Shares held by the sponsor of the Company shall not be transferred within one (1) year from the date on which the Company is incorporated. Shares issued prior to the public issue by the Company shall not be transferred within one (1) year from the date on which the shares of the Company are listed and traded.

The directors, supervisors, president and other members of the senior management of the Company shall declare to the Company the numbers of the

Company's shares held by them and the changes in the shares they hold, and the number of the Company's shares annually transferred by each of them during his/her term of office shall not exceed twenty five (25%) of the total number of the Company's shares held by him/her; and the Company's shares held by them shall not be transferred within one (1) year from the date the shares of the Company are listed and traded. The Company's shares held by any of the persons mentioned above shall not be transferred within six (6) months after he/she leaves office.

Article 37 If any of the Company's directors, supervisors, senior management or shareholders holding more than five (5%) of the total number of the Company's shares sells the Company's shares held by him/her within six (6) months after he/she buys the same, or buys the Company's shares held by him/her within six (6) months after he/she sells the same, the proceeds therefrom shall be owned by the Company and taken back by the Board. However, where a securities company holds more than five (5%) of the total number of the Company's shares as a result of purchase of all the left-over shares as a sole underwriter, its resale of the said shares shall be exempted from the above-mentioned restriction of six (6) months.

If the Board of the Company fails to implement in accordance with the preceding paragraph, the shareholders shall have the right to ask the Board to implement within thirty (30) days. If the Board of the Company fails to implement within the above-mentioned time limit, the shareholders shall have the right to initiate a lawsuit in its own name before a people's court in the interest of the Company.

If the Board of the Company fails to implement in accordance with the first paragraph above, the responsible directors shall undertake joint and several liability in accordance with law.

**SECTION 4 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF
SHARES IN THE COMPANY**

Article 38 The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire the shares of the Company. The said acquirer of the shares of the Company includes a person who directly or indirectly bears any obligations due to the acquisition of the shares.

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer as referred to above for the purpose of reducing or discharging the obligations assumed by that person.

However, circumstances set out in Article 40 of this Chapter are not subject to such prohibition.

Mandatory Provisions, Article 29

Article 39 “Financial Assistance” as referred to in this chapter includes (without limitation) the following ways:

(i) gift;

(ii) security (including the assumption of liability by the guarantor or the provision of property by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation incurred by the Company’s own default), release or waiver of any rights;

(iii) provision of a loan or conclusion of any contract under which the Company shall fulfil the obligations before the other party thereto, or change of the parties to, or the assignment of rights under such loan or agreement; or

(iv) any other form of financial assistance given by the Company when the Company is unable to pay its debts or has no net assets or when its net assets would thereby be reduced to a material extent.

“Bearing an obligation” includes the bearing of obligations due to changing the obligor’s financial position by means of contract or arrangement (whether enforceable

or not, and whether made on its own account or with any other persons), or by any other means.

Mandatory Provisions, Article 30

Article 40 Without prejudice to the laws, regulations and the regulatory documents, the following acts shall not be deemed to be prohibited by Article 38:

(i) the provision of financial assistance by the Company in good faith and in the interest of the Company for the main purpose not of the acquisition of the shares of the Company, or as an incidental part of an overall plan of the Company;

(ii) the distribution of the Company's assets as dividends in accordance with law;

(iii) the allotment of dividends in the form of bonuses;

(iv) reduction of the registered capital, repurchase of the shares or restructuring of the shareholding of the Company effected in accordance with this AOA;

(v) the lending of money by the Company within its scope of business for its normal business activities (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits); and

(vi) the provision of money by the Company for contributions to its employee share scheme (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits).

Mandatory Provisions, Article 31

**SECTION 5 SHARE CERTIFICATES AND REGISTER OF
SHAREHOLDERS**

Article 41 Share certificates are certificates issued by the Company evidencing the shares held by the shareholders. The Company's share certificates shall be in inscribed form.

In addition to the particulars provided for in the *Company Law*, the share certificates of the Company shall clearly state such other particulars as required to be specified by the stock exchange(s) on which the Company's shares are listed.

Mandatory Provisions, Article 32

Article 42 The share certificates shall be signed by the chairperson of the Board. Where the signatures of other members of the senior management of the Company are required by the stock exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other members of the senior management. The share certificates shall become effective after the Company's official seal is affixed thereto or printed thereon. The affixing of the Company's official seal to the share certificates shall be subject to the authorization of the Board. The signature of the chairperson of the Board or of other members of the senior management on the share certificates may also be in printed form.

Mandatory Provisions, Article 33

Listing Rules, App 3 Para2(1)

Article 43 In respect of the matters mentioned in the preceding paragraph, if the Company's shares are traded on the scripless securities market, provisions of the securities regulatory authority of the place where the Company's shares are listed shall be applied.

Article 44 The Company shall keep a register of shareholders holding Domestic Shares in accordance with the certificates provided by the domestic securities registration institution. Also, the Company shall keep a register of shareholders holding H Shares, in which the following particulars shall be recorded:

- (i) the name (title), address (domicile), profession or nature of each shareholder;
- (ii) the class and number of shares held by each shareholder;
- (iii) the amount paid or payable for the shares held by each shareholder;
- (iv) the serial number of the shares held by each shareholder;

(v) the date on which each shareholder is registered as a shareholder; and

(vi) the date on which each shareholder ceases to be a shareholder.

The register of shareholders shall be the sufficient evidence testifying shareholders' holding of the Company's shares, except otherwise testified by opposite evidence.

Mandatory Provisions, Article 34

Article 45 The Company may, pursuant to an understanding or agreement reached between the competent securities authority of the State Council and a securities regulatory organization outside the PRC, keep outside the PRC its register of shareholders holding Foreign Shares listed outside the PRC, and entrust the administration thereof to an agent outside the PRC. The original copy of the register of shareholders holding foreign shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of shareholders holding Foreign Shares listed outside the PRC. The appointed agent outside the PRC shall ensure that the original copy of the register of shareholders holding Foreign Shares listed outside the PRC and its duplicate are consistent at all times.

When the original and duplicate of the share register of Foreign Shares listed outside the PRC are inconsistent, the original shall prevail.

Mandatory Provisions, Article 35

Listing Rules, App 13D Para1(b)

Article 46 The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

(i) any register kept at the Company's domicile other than those provided for under sub-paragraphs (ii), (iii) and (iv) of this paragraph;

(ii) the register(s) of shareholders holding Domestic Shares kept by the domestic securities registration and settlement institution;

(iii) the register(s) of shareholders holding Foreign Shares listed outside the PRC kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed; and

(iv) register(s) of shareholders kept in such other places as the Board may decide necessary for listing purposes.

Mandatory Provisions, Article 36

Article 47 The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the existence of the registration of such shares, be registered in any other part of the register.

The alteration or correction of each part of the register of shareholders shall be carried out in accordance with the laws of the place where the register is kept.

Mandatory Provisions, Article 37

Article 48 All the fully paid-up H Shares listed on the Hong Kong Stock Exchange may be freely transferred in accordance with this AOA. However, unless the requirements stipulated below are met, the Board may refuse to accept any transfer documents without giving any explanation for such refusal:

(i) Transfer documents or other documents in relation to or having effect on the ownership of shares shall be registered and payment in respect thereof shall be made to the Company in accordance with the expense standard stipulated in the Listing Rules;

(ii) Transfer documents involve only H Shares;

(iii) Stamp tax payable in respect of the transfer documents required by Hong Kong law is paid off;

(iv) Relevant share certificates and evidence testifying the transferor's right to transfer the shares upon reasonable request by the Board shall be provided;

(v) If the shares are to be transferred to joint holders, the number of shareholders jointly registered shall not be more than four (4);

(vi) Relevant shares are free of any lien.

Any shareholder holding H Shares may transfer all or part of the Company's shares held by them using Hong Kong common written transfer documents or transfer documents signed by handwriting or in printed form. The standard transfer form provided for by Hong Kong Stock Exchange may apply to the above-mentioned transfer of shares. The transfer documents may only be signed in person or, if the transferors or the transferees are accepted settlement institutions or their agents defined by the *Hong Kong Securities and Futures Ordinance*, the transfer documents may be signed either by handwriting or in printed form.

Listing Rules, App 3 Para1(1)-(3)

Article 49 All the transfer documents shall be kept at the Company's registered address, the place where the shares are transferred or other places the Board may designate from time to time.

Article 50 When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated or carry out other acts requiring confirming of equity interests, the Board shall decide a date as the record date. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

Mandatory Provisions, Article 39

Article 51 Any one that challenges the register of shareholders and requires his name/its title to be entered into or removed from the register may apply to a competent people's court for correction of the register.

Mandatory Provisions, Article 40

Article 52 Any shareholder who is registered in the register of shareholders or any one that requires his name/its title to be entered into the register of shareholders may apply to the Company for issuance of a new certificate in respect of such shares

("Relevant Shares") if his/ her/its share certificate ("Original Share Certificate") is lost.

Any application for the replacement of the share certificate of a holder of Domestic Shares who has lost his/her certificate shall be handled in accordance with the *Company Law*.

Any applications for the replacement of the share certificate from a holder of Foreign Shares listed outside the PRC who has lost his/her certificate may be handled in accordance with the laws, stock exchange rules and other relevant regulations of the place where the original share register of Foreign Shares listed outside the PRC is kept.

Where a holder of H Shares apply for replacement of his/her certificate after losing his/her certificate, such replacement shall comply with the following requirements:

- (i) the applicant shall submit the application in the standard format designated by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require to be registered as a shareholder in respect of the Relevant Shares;
- (ii) the Company shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a new share certificate;
- (iii) if the Company decides to issue a new share certificate to the applicant, it shall publish a public announcement of its intention to do so on the newspapers or periodicals designated by the Board; the period of the public announcement shall be ninety (90) days, during which such announcement shall be published repeatedly at least once every thirty (30) days;
- (iv) before publishing the public announcement of its intention to issue a new share certificate, the Company shall submit a copy of the announcement to be published to the stock exchange where it is listed and may proceed with

publication after having received a reply from the stock exchange confirming that the announcement has been displayed in the stock exchange. The Company shall display the public announcement in the stock exchange for a period of ninety (90) days.

If the application for issuance of a new share certificate is made without consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;

(v) at the expiration of the 90-day period provided for in sub-paragraphs (3) and (4) hereof, if the Company has not received any objection to the issuance of a new share certificate from any person, it may issue a new share certificate according to the application of the applicant;

(vi) when the Company issues a new share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the new share certificate in the register of shareholders; and

(vii) all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

Mandatory Provisions, Article 41

Article 53 After the Company has issued a new share certificate in accordance with this AOA, it shall not delete from the register of shareholders the name of a bona fide purchaser of the new share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he/she is a bona fide purchaser).

Mandatory Provisions, Article 42

Article 54 The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the new share certificate, unless the claimant can prove fraud on the part of the Company.

CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS'

GENERAL MEETING

SECTION 1 SHAREHOLDERS

Article 55 The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the share register.

Shareholders shall enjoy rights and undertake obligations according to the class and number of shares held by them. Holders of shares of the same class shall enjoy equal rights and undertake equal obligations.

Each class of the Company's shareholders shall enjoy equal rights to any distributions in the form of dividend or others.

Mandatory Provisions, Article 44

Listing Rules, App 3 Para9

Article 56 The ordinary shareholders of the Company shall enjoy the following rights:

- (i) the right to receive dividends and other distributions in proportion to the number of shares held by them;
- (ii) the right to request, convene, chair, attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- (iii) the right to supervise and manage the Company's business operations, and the rights to present proposals or to raise enquires;
- (iv) the right to transfer, bestow or pledge shares held by them in accordance with laws, administrative regulations and provisions of this AOA;
- (v) the right to obtain relevant information in accordance with the provisions of this AOA, including:
 - (1) the right to obtain a copy of this AOA, subject to payment of the cost of such copy;

- (2) the right to inspect and copy, subject to payment of a reasonable charge:
 - (A) all parts of the share register;
 - (B) personal particulars of each of the Company's directors, supervisors, president and other members of the senior management as follows:
 - a. present name and alias and any former name and alias;
 - b. principal address (residence);
 - c. nationality;
 - d. full-time and all other part-time occupations and positions; and
 - e. identification document and its number;
- (3) state of the Company's share capital;
- (4) reports showing the number, aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
- (5) minutes of shareholders' general meetings, resolutions of meetings of the Board and meetings of the supervisory board;
- (vi) in respect of the shareholders objecting to a resolution on the Company's merger or division passed at the shareholders' general meeting, the right to request the Company to repurchase their shares;
- (vii) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining properties of the Company in accordance with the number of shares held by them; and
- (viii) other rights conferred by laws, administrative regulations and this AOA.

The Company shall not exercise its right to freeze or otherwise jeopardize any rights attached to the shares only because any person holding interests in the Company directly or indirectly fails to disclose such interest.

Mandatory Provisions, Article 45

Listing Rules, App 3 Para 12

Article 57 Where shareholders address to inspect all above mentioned information or ask for materials, they shall provide written documents evidencing the class and amount of shares held by them. The Company shall provide the information upon the requests of shareholders after verification of their identities.

Article 58 Where the content of the resolution adopted by the shareholders' general meeting or Board is in violation of laws or administrative regulations, the shareholders shall have the right to request the people's court to rescind the resolution (if involving shareholders of Foreign Shares, rules for dispute resolution in this AOA shall be applied).

Where the convening procedures or voting methods in respect of the shareholders' general meeting or the meeting of the Board are in violation of laws, administrative regulations or this AOA, or the content of the resolution adopted is in violation of this AOA, the shareholders shall have the right to, within sixty (60) days from the date the resolution is adopted, request the people's court to rescind the resolution (if involving shareholders of Foreign Shares, rules for dispute resolution in this AOA shall be applied).

Article 59 Where a director, the president or other members of the senior management violates laws, administrative regulations or this AOA in performance of their duties to the Company, and thus causes losses to the Company, the shareholders of the Company individually or jointly holding one percent or more of its shares for 180 or more consecutive days shall have the right to request, in writing, the supervisory board to bring a lawsuit to a people's court; where the supervisory board violates laws, administrative regulations or this AOA in performance of its duty to the Company, and thus causes losses to the Company, the above mentioned shareholders may request, in writing, the Board to bring a law lawsuit to a people's court (if involving shareholders of Foreign Shares, rules for dispute resolution in this AOA shall be applied).

Where the supervisory board or the Board refuses to take legal proceedings after receiving the written request from the shareholders as specified in the preceding paragraph, or fails to take legal proceedings within thirty (30) days from the date it receives such request, or under emergency situations, failure in taking legal proceedings immediately results in irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph shall have the right, in their own names, to directly bring a lawsuit to a people's court in the interests of the Company (if involving shareholders of Foreign Shares, rules for dispute resolution in this AOA shall be applied).

Where another person infringes the lawful rights and interests of the Company and thus causes losses to the Company, the shareholders specified in the first paragraph of this article may bring a lawsuit to a people's court in accordance with the provisions of the preceding two paragraphs (if involving shareholders of Foreign Shares, rules for dispute resolution in this AOA shall be applied).

Where a director, the president or other members of the senior management violates laws, administrative regulations or this AOA, and thus causes losses to the interests of shareholders, shareholders could bring a lawsuit to a people's court (if involving shareholders of Foreign Shares, rules for dispute resolution in this AOA shall be applied).

Article 60 The ordinary shareholders of the Company shall undertake the following obligations:

- (i) to abide by laws, administrative regulations and this AOA;
- (ii) to pay subscription funds according to the number of shares subscribed and the method of subscription;
- (iii) not to withdraw their share interests in the Company, except for being under the circumstances prescribed by the laws or regulations;
- (iv) not to abuse the shareholder's rights to prejudice the interests of the Company or other shareholders, and not to misuse the independent status of the

Company as a legal entity and the limited liability of shareholders to prejudice the interests of the Company's creditors;

Where a shareholder of the Company abuses the rights of shareholder and thus causes losses to the Company or other shareholders, he or she shall be liable for compensation according to law.

Where a shareholder of the Company abuses the independent status of the Company as a legal entity or the limited liability of shareholders, evades debts and thus seriously damages the interests of the creditors of the Company, he or she shall assume joint and several liabilities for the debts of the Company; and

(v) other obligations imposed by laws, administrative regulations and this AOA.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the Relevant Shares on subscription.

Mandatory Provisions, Article 46

Article 61 Where shareholders of the Company holding five (5%) or more voting shares pledge the shares held by them, a written report shall be made to the Company on the date of the fact.

Article 62 The controlling shareholder or *de facto* controller of the Company shall not take advantage of its affiliated relationships to damage the interests of the Company. The controlling shareholder or *de facto* controller, who in violation of the provisions of the preceding sentence, causes losses to the Company, shall be liable for compensation.

The controlling shareholder or *de facto* controller of the Company shall bear fiduciary duty to the Company and holders of the public shares of the Company. The controlling shareholder shall exercise the rights of contributor strictly in accordance with laws. The controlling shareholder shall not use any means, such as distribution of profits, asset restructuring, external investment, capital occupying, or loan guarantees, to damage the legitimate rights and interests of the Company and holders of the public

shares of the Company, nor shall it take advantage of its controlling position to damage the interests of the Company and holders of the public shares of the Company.

Article 63 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholder, when exercising its shareholders' rights, shall not exercise his/ her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

(i) to relieve a director or supervisor of his/her duty to act honestly in the best interests of the Company;

(ii) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person), in any guise, of the Company's property, including (without limitation) opportunities beneficial to the Company; or

(iii) to approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another person) of the individual rights or interests of other shareholders, including (without limitation) rights to distributions and voting rights save pursuant to a restructuring of the Company submitted to and approved by the shareholders' general meeting in accordance with this AOA.

Mandatory Provisions, Article 47

Article 64 For the purposes of this AOA, the term "controlling shareholder" referred to in the preceding article means a person who satisfies any one of the following conditions:

(i) it alone, or acting in concert with others, has the power to elect more than half of the Board members;

(ii) it alone, or acting in concert with others, has the power to exercise or to control the exercise of thirty percent (30%) or more of the voting rights in the Company;

(iii) it alone, or acting in concert with others, holds thirty percent (30%) or more of the issued and outstanding shares of the Company; or

(iv) it alone, or acting in concert with others, has *de facto* control of the Company in any other manner.

Mandatory Provisions, Article 48

SECTION 2 GENERAL PROVISIONS FOR THE SHAREHOLDERS' GENERAL MEETING

Article 65 The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to law:

- (i) decide on the business policies and investment plans of the Company;
- (ii) elect and replace directors and supervisors who are to be appointed from among the non-staff representatives, and decide on matters concerning the remuneration of directors and supervisors;
- (iii) examine and approve reports of the Board;
- (iv) examine and approve reports of the supervisory board;
- (v) examine and approve the Company's annual financial budget and final account proposals;
- (vi) examine and approve the Company's plans for profit distribution and making up losses;
- (vii) pass resolutions concerning the increase or decrease of the Company's registered capital;
- (viii) pass resolutions concerning the issuance of debentures by the Company;
- (ix) pass resolutions on matters such as the merger, division, dissolution, liquidation or change of forms of the Company;
- (x) amend this AOA;
- (xi) pass resolutions on retaining, dismissing or ceasing to retain accounting firms by the Company;
- (xii) to examine and approve external guarantees stipulated in Article 66 of this

AOA;

(xiii) to examine disposals of material assets other than ordinary operations of the Company and its controlled subsidiaries (except for disposals of assets between the Company and its controlled subsidiaries, or among its controlled subsidiaries);

(xiv) to examine and approve the change of usage of raised capital;

(xv) to examine the share incentive plan;

(xvi) to examine the connected transaction between the Company and its connected parties, which amount is above RMB 30,000,000 and more than five (5%) of the Company's most recently audited net assets (if an approval of connected transaction is required under relevant regulations of the place where the Company's shares are listed, such regulations shall be applied);

(xvii) examine the motions raised by the shareholders representing 3% or more of the Company's voting shares; and

(xviii) other matters that laws, administrative regulations, departmental rules, relevant regulations of the securities authorities of the place where the Company's shares are listed and this AOA require to be resolved by the shareholders' general meeting.

In respect of matters to be resolved by the shareholders' general meeting in accordance with laws, administrative regulations and this AOA, the shareholders' general meeting shall examine such matters in order to protect its decision-making right for such matters. To the extent reasonably necessary, in respect of relevant specific matters in relation to matters to be resolved but unable to make immediate decision by the shareholders' general meeting, the shareholders' general meeting may, to the extent permitted under relevant laws, regulations and this AOA, authorize the Board to make a decision within the scope of authority granted by the shareholders' general meeting.

Mandatory Provisions, Article 49

Mandatory Provisions, Article 50

Article 66 The following external guarantees to be provided by the Company and its controlled subsidiaries shall be approved by the shareholders' general meetings:

(i) any single guarantee which amounts to more than ten percent (10%) of the Company's audited net assets in the latest period;

(ii) any guarantee provided after the external guarantee balance of the Company and its controlled subsidiaries exceeds forty percent (40%) of the Company's audited net assets in the latest period;

(iii) any guarantee provided to the guaranteed party whose debt asset ratio exceeds seventy percent (70%);

(iv) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;

(v) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of fifty percent (50%) of the Company's audited net assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;

(vi) any guarantee which shall be approved by the shareholders' general meeting under the laws, regulations, listing rules of related stock exchanges and this AOA of the Company.

The Company and its controlled subsidiaries shall not provide any guarantee to their shareholders, *de facto* controller and affiliates, except those between the Company and its controlled subsidiaries or among its controlled subsidiaries.

Article 67 The Company shall not, without the approval of the shareholders' general meeting by means of a special resolution, enter into any contract with any person other than a director, supervisor, the president or any other member of the senior management whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person.

Article 68 Shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings are held once (1) every year and within six (6) months from the end of the preceding financial year.

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two (2) months of the date of occurrence:

(i) when the number of directors is less than the number of directors required by the *Company Law* or two-thirds of the number of directors specified in this AOA;

(ii) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;

(iii) when shareholder(s), individually or in the aggregate, holding ten percent (10%) or more of the Company's issued and outstanding voting shares request(s) the convening of an extraordinary general meeting;

(iv) when deemed necessary by the Board;

(v) at the request of the supervisory board; or

(vi) other circumstances as prescribed in the laws, administrative regulations, departmental rules or this AOA.

SECTION 3 THE CONVENTION OF THE SHAREHOLDERS' GENERAL

MEETING

Article 69 More than one-half (1/2) independent directors has the right to propose to the Board to convene extraordinary shareholders' general meeting. For such proposal made by the independent directors, based on provisions of laws, administrative regulations and this AOA, the Board shall give a written feedback, whether the convention is approved or not, within ten (10) days from the receiving date.

Where the convention is approved, notification about the convention shall be sent within five (5) days from the resolution date; when the convention is not approved, explanation shall be provided and publicly announced.

Article 70 The supervisory board has the right to propose, in writing, to the Board to convene extraordinary shareholders' general meeting. Based on provisions of laws, administrative regulations and this AOA, the Board shall give a written feedback, whether the convention is approved or not, within ten (10) days from the receiving date.

Where the convention is approved, notification about the convention shall be sent within five (5) days from the resolution date; if there is any change to the original proposal in such notice, approval from the supervisory board in advance is necessary.

Where the convention is not approved, or no feedback is provided in ten (10) days, it shall be regarded as the Board cannot perform or fails to perform the duty of convening the shareholders' general meeting. The supervisory board itself can convene and chair the shareholders' general meeting.

Article 71 Shareholders requesting the convening of an extraordinary shareholders' general meeting or a meeting of shareholders of different classes shall proceed in accordance with the procedures set forth below:

Shareholders who individually or in the aggregate hold ten percent (10%) or more of shares of the Company may request the Board to convene an extraordinary shareholders' general meeting and such request shall be in written form. Based on provisions of laws, administrative regulations and this AOA, the Board shall give a written feedback as to whether the convention is approved or not, within ten (10) days from the receiving date.

Where the convention is approved by the Board, notification about the convention shall be sent within five (5) days from the resolution date; if there is any change to the original proposal, approval from relevant shareholders in advance is necessary.

Where the convention is not approved by the Board, or no feedback is provided in ten (10) days, shareholders who individually or in the aggregate hold ten percent (10%) or more of shares have the right to purpose, in writing, to the supervisory board to convene extraordinary shareholders' general meeting.

Where the convention is approved by the supervisory board, notification about the convention shall be sent within five (5) days from the resolution date; if there is any change to the original proposal, approval from relevant shareholders in advance is necessary.

Where the supervisory board does not send the notification of convention before the deadline, it shall be regarded as it will neither convene nor chair the shareholders' general meeting. Shareholders who individually or in the aggregate hold ten percent (10%) or more of shares for ninety (90) or more consecutive days can convene and chair the shareholders' general meeting by themselves, and the procedure of which shall be the same as the procedure of the shareholders' general meeting convened by the Board if possible.

Where shareholders convene and hold a meeting by themselves because the Board failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

Mandatory Provisions, Article 72

Article 72 When the supervisory board decides to convene the shareholders' general meeting by themselves, it shall notify the Board in the written form and file with the local branch of CSRC and stock exchange of the place where the Company is located.

In respect of the shareholders' general meeting convened and chaired by the shareholders, the shareholding percentage of shareholders convening the meeting shall be not less than ten percent (10%) before the public announcement of the resolution of the shareholders' general meeting.

In respect of the shareholders' general meeting convened and chaired by the shareholders, shareholders convening the meeting shall send the notification of convention and the public announcement of the resolution of the shareholders' general meeting as well as submit relevant documentation to the local branch of CSRC and stock exchange of the place where the Company is located simultaneously.

Article 73 Where the shareholders' general meeting is convened by the supervisory board or shareholders, the Board and the secretary to the Board shall cooperate with them. The Board shall provide the share register as of the date of equity registration.

Article 74 Where the shareholders' general meeting is convened by the supervisory board or shareholders, relevant expenses shall be borne by the Company.

SECTION 4 PROPOSAL AND NOTIFICATION OF THE SHAREHOLDERS'

GENERAL MEETING

Article 75 When the Company convenes a shareholders' general meeting, written notice of the general meeting shall be given twenty (20) days (exclusive of the date of the notice and the meeting) before the date of the meeting, written notice of the extraordinary general meeting shall be given fifteen (15) days (exclusive of the date of the notice and the meeting) before the date of the extraordinary general meeting, to notify all of the shareholders in the share register of the matters to be reviewed and the date and the place of the meeting.

A shareholder who intends to attend the meeting shall deliver his/her written reply concerning the attendance of the meeting to the Company ten (10) days (exclusive of the date of the notice and the meeting) before the date of the meeting.

When calculating the starting date and ending date by the Company, the date when the meeting is held shall be excluded.

Mandatory Provisions, Article 53

Article 76 When the Company is to hold a shareholders' general meeting, the Board, the supervisory board and shareholders who individually or in the aggregate hold 3% or more of shares of the Company shall be entitled to propose new motions to the Company. The Company shall include in the agenda for the meeting the matters in the motions that fall within the scope of responsibility of the shareholders' general meeting.

The content of motions shall fall within the scope of responsibility of the shareholders' general meeting and shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of the laws, administrative regulations and this AOA.

Shareholders who individually or in the aggregate hold three percent (3%) or more of shares may raise interim motions and submit them in writing to the convener ten (10) days before the holding of the shareholders' general meeting. The convener shall issue a supplementary notice within two (2) days from receipt of such motions to announce the content of interim motions.

In addition to the circumstance in the preceding paragraph, the convener shall not revise the existing proposals in the notification or add new proposals after the notification of shareholders' general meeting is sent.

A shareholders' general meeting shall not vote and make resolution on those matters which are not stated in the notice of meeting or not in compliance with the preceding paragraph.

Mandatory Provisions, Article 54

Article 77 The Company shall, based on the written replies received ten (10) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one-half (1/2) of the Company's total voting shares, the Company may hold the meeting. If not, then the Company shall within five (5) days

notify the shareholders again by public announcement of the matters to be reviewed, the place and the date for the meeting. The Company may hold the meeting after such announcement.

Extraordinary shareholders' general meeting may not decide on matters not specified in the announcement.

Mandatory Provisions, Article 55

Article 78 A notice of meeting of shareholders shall be:

- (i) provided in writing;
- (ii) set out the share registration date of shareholders who are entitled to attend the meeting;
- (iii) specify the time, place and duration of the meeting;
- (iv) state the matters and motions to be reviewed at the meeting;
- (v) provide such information and explanations as are necessary for the shareholders to make well-informed decision on the matters to be reviewed, which principle includes among other things that, upon making a proposal for the Company to proceed with merger, repurchase of shares, restructuring of share capital or otherwise, the specific terms of the proposed transaction must be provided together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (vi) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, the president or any other member of the senior management in the transaction proposed and the impact of the proposed transaction on them in their capacity as shareholders in so far as it is different from the impact on other shareholders of the same class;
- (vii) contain the full text of any special resolution proposed to be adopted at the meeting;
- (viii) contain a clear statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on behalf of him/her and that such proxy need not be a shareholder;

(ix) specify the registration date of shares held by each shareholder entitled to attend the shareholders' general meeting;

(x) specify the time and place for delivering the authorisation in writing for voting at the relevant meeting;

(xi) state the names and telephone numbers of the contact persons for the meeting; and

(xii) to the extent that a shareholders' general meeting is to be held via on-line facility or otherwise, the voting time and procedures shall be specified in the meeting notice.

Mandatory Provisions, Article 56

Article 79 Notice of shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the share register.

For the holders of Domestic Shares, notice of the meetings may be issued by means of public announcement.

The announcement mentioned in the preceding paragraph shall be published in one or more newspapers designated by the securities supervisory authority of the State Council. After the announcement, all holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Mandatory Provisions, Article 57

Listing Rules App 3 Para 7

Article 80 The accidental omission to give notice of a meeting to, or failure to receive such notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolution adopted thereat.

Any shareholder entitled to attend and vote at a shareholders' meeting of the Company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf, and such proxy so appointed shall be entitled to:

- (i) speak at the meeting on behalf of the shareholder;
- (ii) individually or join with others to request taking a vote by poll; and
- (iii) vote by hand or by poll, except that where more than one person is appointed as a proxy of a shareholder, they can only vote by poll.

Mandatory Provisions, Article 58

Mandatory Provisions, Article 59

Article 81 A proxy of shareholder shall be designated in writing under the hand of the principal or his attorney duly authorized in writing, or if the principal is a legal person, either under seal or under the hand of a director or a duly appointed attorney or person. The power of attorney shall denote the number of shares represented by the proxy on behalf of the shareholder. In the event that the principal appoints more than one proxy, the power of attorney shall denote the number of shares respectively represented by each proxy on behalf of the shareholder.

Mandatory Provisions, Article 60

Article 82 Where the shareholders' general meeting discusses the election issues of directors and supervisors, the notice of shareholders' general meeting shall fully disclose the detailed information about the directors and supervisor candidates, at least including the following contents:

- (i) education background, work experience, part-time jobs and other personal information;
- (ii) whether they are affiliated with the Company, the controlling shareholder or *de facto* controller of the Company;
- (iii) the number of the Company's shares held by them; and
- (iv) whether they have been punished by CSRC or other competent authorities or whether stock exchange has taken any disciplinary action against them.

In addition to the election of directors and supervisors through cumulative voting system, each candidate of directors or supervisors shall be submitted by single proposal.

Article 83 After sending the notification, without proper reasons, the shareholders' general meeting shall not be postponed or cancelled, nor shall the proposals set out in the notification be cancelled. Where postponing or cancelling situations occur, the convener shall make public announcement and explain the reasons at least two (2) working days before the original convening date.

SECTION 5 HOLDING OF THE SHAREHOLDERS' GENERAL MEETING

Article 84 The Board and other conveners shall take necessary measures to ensure the orderliness of the shareholders' general meeting. Those behaviours, which interferes with shareholders' general meeting, disturbs social order or violates the legitimate rights and interests of shareholders, shall be taken measures to stop and reported to the relevant authorities to investigate and punish.

Article 85 All the shareholders recorded on the share register on the date of record and their proxies shall have the right to attend the shareholders' general meeting and exercise the voting right in accordance with laws, regulations and this AOA.

Shareholders may attend shareholders' general meeting by themselves, or authorize proxies to attend the shareholders' general meeting and exercise the voting right.

Article 86 Natural person shareholder, who attends the shareholders' general meeting by himself or herself, shall show his or her identity card or other certificate, proof or share certificate account card which can demonstrate his or her identity. Where the proxy of a shareholder attends the shareholders' general meeting, he or she shall show his or her valid identity certificate and a power of attorney from the shareholder.

For legal person shareholder, its legal representative or the proxy of legal representative shall attend the shareholders' general meeting. Where the legal

representative attends the shareholders' general meeting, he or she shall show his or her identity card and valid proof, which can demonstrate his or her sending as a legal person; where the proxy attends the shareholders' general meeting, he or she shall show his or her identity card and a power of attorney in written form signed by the legal representative of the legal-person shareholder in accordance with law.

Article 87 The instrument appointing a voting proxy shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy proposes to vote or the time specified for the vote.

If the appointer is a legal person, its legal representative or such person as is authorized by resolution of its Board or other governing body to act as its representative may attend at any meeting of shareholders of the Company as a representative of the appointer.

If the shareholder is a recognized clearing house (or its proxy) as defined by relevant ordinance enacted by Hong Kong from time to time, the shareholder shall authorize one or more person acted as its representative on any shareholders' general meeting or any class meeting. If more than one person is authorized by the shareholder, the power of attorney shall specify the number and class of shares each person represents due to the authorization. The authorized person shall act as the representative of the recognized clearing house (or its proxy) and exercise its right as if he or she is an individual shareholder of the Company.

Mandatory Provisions, Article 61

Article 88 A power of attorney issued by the shareholder to authorize others to attend the shareholders' general meeting shall specify the following contents:

- (i) the name of the proxy;
- (ii) whether he or she has the voting right;

- (iii) directions to vote for, vote against or abstain each proposal listed in the shareholders' general meeting agenda;
- (iv) issuing date and valid period of the power of attorney; and
- (v) appointer's signature (seal). Where the appointer is a legal person shareholder, the seal of the legal person shareholder is necessary.

Article 89 The form of any power of attorney issued to a shareholder by the Board for use by him/her for appointing a proxy shall be such as to enable the shareholder to freely choose between instructing the proxy to vote for or against any issue and indicate the matters under each topic on the agenda to be voted at the meeting. Such a power of attorney shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

Mandatory Provisions, Article 62

Article 90 A vote given in accordance with a proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of the aforesaid has been received by the Company before the meeting in question.

Mandatory Provisions, Article 63

Article 91 The attendance register of a shareholders' general meeting shall be prepared by the Company. Such attendance register shall record the name of the attendees (or the name of their organizations), the number of their identity cards, the address of their domicile, the number of voting shares held or represented, the name of the principals (or the name of the organizations) and other matters.

Article 92 The convener and counsels retained by the Company shall verify legitimacy of the shareholder's qualification in accordance with the share register provided by the securities registration and settlement institution, and register the

names (or the denomination) of the shareholders and the total number of the voting shares held by them. The registration of the meeting shall be terminated before the chairperson makes an announcement of the numbers of the shareholders and proxies present the meeting and the voting shares by them.

Article 93 When the shareholders' general meeting is held, all the directors, supervisors and the secretary to the Board shall attend the meeting, the president and other members of the senior management shall attend the meeting without voting rights.

Article 94 Shareholders' general meeting shall be convened and presided over by the chairperson of the Board. Where the chairperson of the Board cannot attend such a meeting for any reason, the meeting shall be convened and presided over by the (a) vice chairperson of the Board. Where both the chairperson and the vice chairperson of the Board (or vice chairmen of the Board) are unable to attend the meeting, the Board may designate a director of the Company to convene and preside over the meeting on its behalf. Where no chairperson is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairperson, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

The shareholders' general meeting convened by the supervisory board shall be presided over by the chairperson of the supervisory board. Where the chairperson of the supervisory board cannot perform his or her duty or fails to do so, the meeting shall be chaired by a supervisor jointly elected by more than half of the supervisors.

The shareholders' general meeting convened by shareholders shall be chaired by a representative elected by the conveners.

When the shareholders' general meeting is held, if the chairperson violates the rules of procedure of the shareholders' general meeting so that the shareholders' general meeting cannot proceed, one person maybe elected to be the chairperson upon

approval by more than half of all the shareholders present at the meeting so that the shareholders' general meeting will not be suspended.

Mandatory Provisions, Article 73

Article 95 The Company shall formulate the rules of procedure of the shareholders' general meeting, in which holding and voting procedures shall be set out in details, such as notification, registration, proposal consideration, voting, vote-counting, announcement of the voting results, forming of the meeting's resolution, minutes recording and signing, public announcement and principles on authorization by the shareholders' general meeting to the Board, which shall be clear and specific. The rules of procedure of the shareholders' general meeting shall be attached to this AOA, which shall be drawn up by the Board and approved by the shareholders' general meeting.

Article 96 At the annual shareholders' general meeting, the Board and the supervisory board shall report to the shareholders' general meeting on their work of last year. Each independent director shall also report to the shareholders' general meeting on his performance.

Article 97 Directors, supervisors, the president and other members of the senior management shall make explanation and clarification to the inquiries mad by shareholders at the shareholders' general meeting.

Article 98 The chairperson of the shareholders' general meeting shall announce the total number of shareholders and proxies present at the meeting and the voting shares held by them. The total number of shareholders and proxies attending the meeting in person and the voting shares held by them shall be subject to registration for the meeting.

Article 99 The shareholders' general meeting shall be recorded as minutes, which shall be under the charge of the secretary to the Board. The minutes shall be recorded including the following contents:

(i) time, venue, agenda, and the name or title of the convener;

(ii) names of the moderator as well as the directors, supervisors, the president and other members of the senior management attending the meeting, whether on a voting basis or on a non-voting basis;

(iii) number of the shareholders and proxies present at the meeting and proportion of shares with voting rights held by the shareholders present and proxies in the total number of shares;

(iv) consideration process, speech essence and voting results of each proposal;

(v) inquiring opinions or advices from shareholders and corresponding answers or explanation;

(vi) names of the counsels, teller and scrutineer; and

(vii) other contents, which shall be recorded into the minutes according to this AOA.

Article 100 The convener of the shareholders' general meeting shall ensure the content of the minutes are true, accurate and complete. The directors, supervisors, secretary to the Board, convener or his/her representative, the moderator shall sign on the minutes. Minutes shall be preserved with the signed register of shareholders present, power of attorney, and valid documents about online voting or voting in any other form. A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company. Preservation period shall be more than ten (10) years.

Article 101 The convener shall ensure the shareholders' general meeting to be consecutively held till the final resolution. Where the shareholders' general meeting is suspended or fails to reach a resolution because of force majeure or other special reasons, necessary measures shall be taken to restore the meeting or directly terminate it as soon as possible and immediate public announcement shall also be made.

Meanwhile, the convener shall report to the local office of CSRC and stock exchange where the Company is located.

SECTION 6 VOTING AND RESOLUTIONS OF THE SHAREHOLDERS'

GENERAL MEETING

Article 102 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted by the shareholders (including proxies) with more than one-half (1/2) of the voting rights present at the meeting.

A special resolution shall be adopted by the shareholders (including proxies) with more than two-thirds (2/3) of the voting rights present at the meeting.

Mandatory Provisions, Article 64

Article 103 Shareholders (including proxies) shall exercise their voting rights in proportion to the number of voting rights that they respectively represent. Each share shall carry one voting right.

Shares held by the Company carry no voting right. Such shares shall not be included into the number of voting rights present at the shareholders' general meeting.

The Board, independent directors and eligible shareholders may solicit for the shareholders right to vote.

No payments shall be made to the shareholders for such solicitation, and adequate information shall be provided to persons whose voting rights are being solicited.

In case any shareholder is required to abstain from voting in respect of certain matters or restricted to vote for or vote against certain matters in accordance with relevant laws and regulations or the *Listing Rules*, if the shareholder violates any relevant provision or restriction, the votes cast by such shareholder or its proxies shall not be included.

Mandatory Provisions, Article 65

Article 104 At any general meeting of shareholders a resolution shall be decided by a show of hands unless a poll is (before or after any vote by show of hands) demanded by the *Listing Rules* or:

- (i) by the chairperson of the meeting;
- (ii) by at least two shareholders entitled to vote present in person or by proxy; or
- (iii) by one or more shareholders present in person or by proxy and representing more than ten percent (10%) of all voting shares.

Unless a poll is demanded by the Hong Kong Listing Rules or by any person, a declaration by the chairperson that a resolution has been passed by a show of hands shall be required and be recorded in the minutes of the meeting as final evidence that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who makes such demand.

Mandatory Provisions, Article 66

Article 105 A poll demanded on the election of the chairperson of the meeting, or on an issue of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issue shall be taken at such time as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Mandatory Provisions, Article 67

Article 106 On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.

Mandatory Provisions, Article 68

Article 107 In the case of equality between votes for and votes against, whether on a show of hands or on a poll, the chairperson of the meeting shall have a casting vote.

Mandatory Provisions, Article 69

Article 108 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (i) work reports of the Board and the supervisory board;
- (ii) plans formulated by the Board for distribution of profits and for making up losses;
- (iii) appointment and removal of the members of the Board and members of the supervisory board, their remuneration and method of payment;
- (iv) annual budgets and final accounts of the Company;
- (v) balance sheets and profit and loss accounts and other financial statements and annual reports of the Company; and
- (vi) matters other than those which are required by the laws and administrative regulations or by this AOA to be adopted by a special resolution.

Mandatory Provisions, Article 70

Article 109 The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (i) the increase or reduction of registered capital of the Company;
- (ii) the repurchase by the Company of its own shares and the issue of shares of any class, warrants and other similar securities;
- (iii) the division, merger, dissolution, liquidation of the Company;
- (iv) amendments to this AOA;
- (v) any asset disposal by the Company and its controlled subsidiaries (other than those arising out of daily operating action, and excluding those between the Company and its controlled subsidiaries or between the Company's controlled subsidiaries), the aggregate asset amount or transaction amount of which exceeds thirty percent (30%)

of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months, whether the subjects of transactions are related or not;

(vi) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;

(vii) any share incentive scheme;

(viii) any issuance of corporate bonds; and

(ix) any other matters stipulated by law, administrative regulations or this AOA, and matters considered by the shareholders' general meeting, by means of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

Mandatory Provisions, Article 71

Article 110 Where any matter on connected transaction is considered at the shareholders' general meeting, the connected shareholders shall avoid voting, whose shares shall not be included in the total number of valid shares. The public announcement of resolutions of shareholders' general meeting shall fully disclose the votes cast by non-connected shareholders.

The avoiding and voting procedures of connected shareholders shall be as follows:

(i) where any matter on a connected transaction is considered at the shareholders' general meeting, the moderator shall announce the name of relevant connected shareholders, total number of voting shares held by non-connected shareholders and the proportion of such shares in the total shares of the Company.

(ii) connected shareholders shall propose to avoid and abstain from voting before the Board, and the moderator shall require connected shareholders to avoid and abstain from voting.

(iii) if the chairperson of the Board attends the shareholders' general meeting as the proxy of a connected shareholder, he or she shall authorize the vice-chairperson or any other director to chair the meeting when the matters on the connected transaction is considered or voted.

(iv) if connected shareholders object the decision of the convener, they shall have the right to report to the relevant competent securities authorities and petition the people's court to render a ruling in respect of whether they are connected or whether they have voting rights (if involving shareholders of Foreign Shares, rules for dispute resolution in this AOA shall be applied). Before the final valid ruling given by securities authority, the people's court or other competent authorities, the above-mentioned shareholders shall not vote and voting shares represented by them shall not be included.

(v) Connected shareholders required to avoid voting may participate in the discussion of any connected transaction involving them, and make explanations and descriptions to the shareholders' general meeting in respect of matters such as the cause, basic information of such connected transaction and whether the connected transaction is fair or legitimate.

Article 111 The Company shall, subject to ensuring the shareholders' general meeting to be held is legitimate and valid, and also provide network or any other modern IT means to facilitate the shareholders to attend the meeting.

Article 112 Candidate lists of directors and supervisors shall be submitted to the shareholders' general meeting in the form of proposal. The way and procedure of nomination of directors or supervisors shall be as follows:

(i) the Board and the supervisory board may submit the candidate of directors or non-staff supervisors respectively. One or more shareholders individually or jointly holding five (5) percent or more existing shares of the Company has the right to submit the candidate of directors or non-staff supervisors.

(ii) staff representative of the supervisory board shall be chosen through the staff and workers' congress, the staff and workers' assembly or other forms of democratic elections.

(iii) the way and procedure of nomination of independent directors shall be executed in accordance with laws, administrative regulations and departmental rules.

When election of the directors and supervisors is voted at the shareholders' general meeting, in accordance with the provisions of this AOA or the resolution of shareholders' general meeting, the cumulative voting system is applicable.

The above mentioned cumulative voting system means each share shall have the same voting right as the number of directors or supervisors to be elected, when election of directors or supervisors is voted at the shareholders' general meeting. The voting right held by shareholders may be used collectively. The Board shall make public announcement on the resume and basic information of the candidates of directors and supervisors.

Article 113 In addition to cumulative voting system, the shareholders' general meeting shall vote on all the proposals one after another. Where there are different proposals on the same matter, the proposals shall be voted in accordance with chronological order. In addition to the situation that the shareholders' general meeting is suspended or fails to reach a resolution because of force majeure or other special reasons, the shareholders' general meeting shall not suspend proposals or avoid voting process.

Article 114 Where proposals are examined and discussed at a shareholders' general meeting, it shall not be revised. Otherwise the relevant change shall be regarded as a new proposal, which may not be voted at the same meeting.

Article 115 Before the vote for proposals at the shareholders' general meeting, two shareholder representatives shall be elected to participate as the tellers and

scrutineers. Where the discussing matter is related to the interest of one shareholder, the relevant shareholder and his proxy shall avoid telling or scrutinizing.

When the shareholders' general meeting votes on the proposal, counsels, shareholder representatives and supervisor representatives shall be jointly responsible for vote, scrutinizing and announcing the result on site. The result of resolution shall be recorded in the minutes.

Shareholders or their proxies, who are voting online or in any other form, may check their voting results through the relevant voting system.

Article 116 The on-site shareholders' general meeting shall not be terminated earlier than the meeting held online or in any other form. The moderator shall announce the voting situation and result of each proposal on site, and whether the proposal is approved or not in accordance with the voting result.

Before the official announcement of the voting result, the Company, the teller, the scrutineer, major shareholders, online service provider and other related parties concerned in shareholders' general meeting site, network and other voting means shall undertake confidentiality obligation regarding voting situation.

Article 117 Shareholders present at a shareholders' general meeting shall express one of the following comments on the submitted proposals: agree, oppose or abstain.

Votes without filling, wrongly filled, unable to identify or not cast shall be deemed as abstention by the voter. Voting result of shares held by the voter shall be counted as "abstention".

Article 118 The chairperson of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

Mandatory Provisions, Article 74

Article 119 If the chairperson of the meeting has any doubts about the result of a resolution put to the vote, he may count the number of votes cast. If the chairperson of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairperson of the meeting shall have the right to request counting of votes immediately after such announcement, the chairperson of the meeting shall immediately count the votes.

Mandatory Provisions, Article 75

Article 120 If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

The minutes of the meeting, along with the attendance records signed by the attending shareholders and proxies, shall be kept at the Company's domicile.

Mandatory Provisions, Article 76

Article 121 Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven days of receiving payment of reasonable charges.

Mandatory Provisions, Article 77

Article 122 Public announcement for resolutions of the shareholders' general meeting shall be made immediately and shall specify the number of shareholders and proxies attending the meeting, total number of voting shares held by them and proportion of such shares in the total number of shares of the Company, voting method, voting results of each proposal and detailed information of each resolution approved by the meeting.

Article 123 If the proposal is not approved or the resolution of this shareholders' general meeting is revised the resolution of previous shareholders' general meeting, a

specific notice shall be made on the public announcement of the shareholders' general meeting.

Article 124 Where the shareholders' general meeting approves the proposal of director election and supervisor election, the newly elected directors and supervisors shall assume office on the date when the shareholders' general meeting approves the proposal.

Article 125 Where the shareholders' general meeting approves the proposals on cash dividends, bonus issue or conversion of capita reserve into share capital, the Company shall implement the detailed plan within two (2) months from the closing of the shareholders' general meeting.

SECTION 7 SPECIAL VOTING PROCEDURES FOR A CLASS OF SHAREHOLDERS

Article 126 Shareholders who hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and undertake obligations in accordance with laws, administrative regulations and this AOA.

Mandatory Provisions, Article 78

Article 127 If the Company intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by means of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected class shareholders in accordance with Articles 129 to 133.

Mandatory Provisions, Article 79

Article 128 The following circumstances shall be deemed to be a variation or abrogation of the class rights of a class:

(i) to increase or reduce the number of shares of that class or increase or reduce the number of shares of another class which carries the same or more voting rights, distribution right or other privileges;

(ii) to effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(iii) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;

(iv) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(v) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;

(vi) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;

(vii) to create a new class of shares having voting or distributing rights or other privileges equal or superior to those of the shares of such class;

(viii) to restrict the transfer or ownership of the shares of such class or add to such restriction;

(ix) to allot and issue rights to subscribe for, or convert into, shares in the Company of such class or another class;

(x) to increase the rights or privileges of shares of another class;

(xi) to restructure the Company where the proposed restructuring results in different classes of shareholders bearing a disproportionate burden of such proposed restructuring; and

(xii) to vary or abrogate provisions in this chapter.

Mandatory Provisions, Article 80

Article 129 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (ii) to (viii), (xi) and (xii) above, but interested shareholder(s) shall not be entitled to vote at class meetings.

The "interested shareholder(s)" above means:

(i) in the case of a repurchase of shares by offers to all shareholders pro rata or public dealing on a stock exchange in accordance with Article 30 of this AOA, a "controlling shareholder" within the meaning of Article 64 of this AOA;

(ii) in the case of a repurchase of shares by an off-market contract in accordance with Article 30 of this AOA, a holder of the shares to which the proposed contract relates; and

(iii) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Mandatory Provisions, Article 81

Article 130 Resolutions of a class shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights of the shareholders attended at the relevant meeting who are entitled to vote at class meetings.

Mandatory Provisions, Article 82

Article 131 Written notices of a class meeting shall be given twenty (20) days before the date of the class meeting to notify all of the shareholders in the share register of the class of the matters to be considered and the date and the venue of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her written reply concerning attendance at the class meeting to the Company ten (10) days before the date of the class meeting.

If the number of voting shares represented by the shareholders who intend to attend the class meeting reaches more than one-half (1/2) of the shares which have the right to vote at the class meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days notify the shareholders of the class by public announcement of the matters to be considered, the date and the venue for the class meeting. The Company may then hold the class meeting after publication of such notice.

Mandatory Provisions, Article 83

Article 132 Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of shareholders' general meetings. The provisions of this AOA relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders.

Mandatory Provisions, Article 84

Article 133 Except for other class shareholders, shareholders of domestic shares and shareholders of foreign shares listed outside the PRC shall be deemed as shareholders of different classes.

The special procedures for voting at a class of shareholders shall not apply in the following circumstances:

(i) where the Company issues Domestic Shares and overseas-listed Foreign Shares, upon the approval by a special resolution of its shareholders' general meeting, either separately or concurrently once every twelve months, not exceeding twenty percent (20%) of each of its existing issued shares;

(ii) where the Company's plan to issue Domestic Shares and overseas-listed Foreign Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval by the securities authority of the State Council; or

(iii) where upon the approval from the securities authority of the State Council and other approving authority (if applicable), the Domestic Shares of the Company may be converted into Foreign Shares, and such Shares may be listed and traded on an overseas stock exchange.

Mandatory Provisions, Article 85

Listing Rules App 13D Para 1(f)(i)&(ii)

CHAPTER 5 THE BOARD

SECTION 1 THE DIRECTORS

Article 134 A director shall be a natural person. A person may not serve as a director of the Company if any of the following circumstances applies:

(i) a person without or with restricted capacity of civil conduct;

(ii) a person who has committed an offence of corruption, bribery, encroachment of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his/her political rights, in each case where no more than five (5) years has elapsed since the date of the completion of implementation of such punishment or deprivation;

(iii) a person who is a former director, factory manager or president of a company or enterprise which has entered into insolvent liquidation and he/she is personally liable for the insolvency of such company or enterprise, where no more than three (3) years has elapsed since the date of the completion of the insolvent liquidation of such company or enterprise;

(iv) a person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and he/she is personally liable for such revocation, where no more than three (3) years has elapsed since the date of the revocation of the business license;

(v) a person who has a relatively large amount of debts due and outstanding;

(vi) a person who is restricted to enter into the securities market by CSRC, and such restriction is still in the period of execution;

(vii) a non-natural person;

(viii) any other circumstances as prescribed in laws, administrative regulations or rules of relevant securities authorities and stock exchange of the place where the Company is listed.

Where the Company elects or appoints its directors in violation of the provisions of the preceding paragraph, such election, appointment or employment shall be invalid. Where, during his or her term of office, a director is found to be a person as specified in the preceding paragraph of this article, the Company shall remove him or her from office.

Article 135 Directors shall be elected or removed by the shareholders' general meeting and each of them shall have a term of office for three years. Upon the expiry, a director is eligible for re-appointment subject to re-election.

The term of a director starts from the date he or she takes his or her office, and ends at the expiration date of term of the Board. Where no election is conducted in time before the expiration of the term of office of a director, the existing director shall, before the new-elected director takes office, continue to perform his or her duty as a director in accordance with the provisions of laws, administrative regulations, departmental rules or this AOA.

The post of director can be held by the president or other members of the senior management concurrently. However, the total number of such directors shall be no more than 1/3 of the directors of the Company.

A written notice of the intention to nominate a director candidate and a written notice given by that person indicating his/her acceptance of such nomination are required to be given to the Company after the issue of notice of the relevant shareholders' general meeting for such election and no less than 7 days prior to commencement of such meeting.

The number of directors elected for each session shall be no less than the number as specified in this AOA, and no more than the maximum number determined by the shareholders' general meeting through ordinary resolution. If the number of directors voted for is above the proposed maximum number of directors, the candidate with the higher votes will be elected in accordance with the proposed maximum number of directors.

The term of office of a director who is appointed by the Board to fill a casual vacancy of the Board or to increase the number of directors shall end at the next annual shareholders' general meeting and such director shall be entitled to be re-elected at that time.

An external director shall have sufficient time and the necessary knowledge and ability to perform the responsibilities of his/her office. When an external director is performing his/her responsibilities, the Company must provide him/her with the necessary information. An independent non-executive director may report directly to the shareholders' general meeting, securities authorities of the State Council and other relevant authorities.

Subject to relevant laws and administrative regulations, the shareholders' general meeting shall be entitled to remove any director during his or her term of office through ordinary resolution (claims based on any contract shall not be affected).

A director is not required to hold shares of the Company. There is no staff director in the Board of the Company.

Mandatory Provisions, Article 87

Opinions, Article 6

Listing Rules, App3 Para 4(2)-(5)

Article 136 Directors shall abide by laws, administrative regulations and this AOA and shall undertake the duties of loyalty to the Company:

(i) directors shall not use the position to take bribes or other illegal incomes and shall not appropriate the property of the Company;

(ii) directors shall not misappropriate the funds of the Company;

(iii) directors shall not open an account in his or her own name or in the name of another person to deposit the funds of the Company;

(iv) directors shall not loan the funds of the Company to another person or use the property of the Company to provide guarantee for another person, in violation of the stipulations of this AOA or without the consent of the shareholders' general meeting or the Board;

(v) directors shall not enter into a contract or conduct transactions with the Company, in violation of the stipulations of this AOA or without the consent of the shareholders' general meeting;

(vi) directors shall not take advantage of his/her position to seek commercial opportunities, which belong to the Company, for him/herself or for another person, or operate for him/herself or for another person the same kind of business as that of the Company, without the consent of the shareholders' general meeting;

(vii) directors shall not take into his/her own possession the commissions from transactions conducted by another person with the Company;

(viii) directors shall not disclosure secrets of the Company without authorization;

(ix) directors shall not use his/her affiliated relationship to harm the interests of the Company; or

(x) directors shall undertake other duties of loyalty stipulated in laws, administrative regulations, departmental rules or this AOA.

All earnings obtained by the directors in violation of the provisions in the preceding paragraph shall be returned to the Company, and thus causes losses to the Company, the director shall be liable for compensation.

Article 137 Directors shall abide by laws, administrative regulations and this AOA and shall undertake the duties of diligence to the Company:

(i) directors shall be carefully, conscientiously and diligently exercise the rights granted by the Company to ensure that the business activities of the Company are in line with the provisions of laws, administrative regulations and national economic policies, and not beyond the business scope set out in the business license;

- (ii) directors shall treat all the shareholders equally;
- (iii) directors shall keep abreast of the Company's business operation and management situation;
- (iv) directors shall sign the written confirmation on the Company's regular reports and shall ensure the information disclosed by the Company is true, accurate and complete;
- (v) directors shall provide relevant situation and information to the supervisory board strictly according to the facts, and shall not impede the exercise of the powers of the supervisory board or supervisors; and
- (vi) directors shall undertake other duties of diligence stipulated in laws, administrative regulations, departmental rules or this AOA.

Article 138 Where a director fails to attend the Board meetings in person for two (2) times, nor entrust another director to attend such meetings, he or she is regarded as unable to perform the duty. The Board shall suggest the shareholders' general meeting to replace him/her.

Article 139 Directors can resign before the expiration of the term of office. Directors shall submit written resignation reports to the Board. The Board shall disclose the relevant situation within two (2) days.

Where the number of the directors is under the statutory minimum number because of the resign, before the re-elected director's taking office, the former director shall perform the duty of director in accordance with laws, administrative regulations, departmental rules and this AOA.

Except for the above mentioned situation, the resign of the director shall take effect since the resignation report is served on the Board.

Article 140 Where the resign of a director takes effect or the term of office of a director comes to expiration, the director shall conduct all the handover procedures with the Board. The director is still not free from the duty of loyalty to the Company

and shareholders, which will not be certainly lifted upon the expiration of the term. The confidentiality obligation of the director is still valid after the expiration of the term, unless and until such confidential information is in the public domain. The term of other duties of loyalty shall be determined on the principle of fairness, in view of the time period between the occurrence of the event and the director's leaving office and under what circumstance or condition its relationship with the Company is ended.

Article 141 Any director shall not act in his or her own name or on behalf of the Company, without the legitimate authorization of this AOA or the Board. Where a director acts in his or her own name, in case the third party shall reasonable believe he or she is on behalf of the Company or the Board, the director shall state his or her position and identity in advance.

Article 142 Where a director violates laws, administrative regulations or this AOA in performance of his or her duties to the Company, and thus causes losses to the Company, he or she shall be liable for compensation.

Article 143 Independent directors shall perform their duties in accordance with laws, administrative regulations or departmental rules.

SECTION 2 THE BOARD

Article 144 The Company shall have a Board. The Board shall be accountable to the shareholders' general meeting.

Article 145 The Board comprises 9 directors in which, among others, there shall be five (5) external directors (i.e. those not holding any position in the Company) and 4 independent directors (i.e. those independent of the shareholders of the Company and not holding any position in the Company). External directors shall account for at least one-half (1/2) of the Board, and independent directors shall account for at least one-third (1/3) of the Board; and at least one independent director shall be of

accounting professional (i.e. those holding senior professional title or CPA qualification).

Upon unanimous agreement by all the directors, the Board shall have an executive committee, comprising 3 or 4 executive directors, to perform its duties in accordance with this AOA.

Mandatory Provisions, Article 86

Article 146 The Board shall exercise the following functions and powers:

(i) to convene the shareholders' general meetings and to report on its work to the shareholders' general meetings;

(ii) to implement the resolutions passed at the shareholders' general meetings;

(iii) to determine the Company's business plans and investment proposals;

(iv) to formulate the Company's annual financial budgets and final accounts;

(v) to formulate the Company's profit distribution proposal and loss recovery proposal;

(vi) to formulate the Company's proposals for the increase or reduction of the Company's registered capital and for the issuance of debentures or other securities and for the listing;

(vii) to draw up the Company's proposals for material acquisition, repurchase of the Company's shares and the plans for the merger, division, dissolution and change of corporate form of the Company;

(viii) to make decisions on any asset disposals of the Company and its controlled subsidiaries (other than those subject to the consideration of the shareholders' general meeting), any asset disposals between the Company and its controlled subsidiaries and between its controlled subsidiaries, and any merger and division of its controlled subsidiaries, unless otherwise stipulated in laws, administrative regulations, departmental rules, regulations of the securities authorities of the place where the Company is listed or this AOA;

(ix) to determine the establishment of the Company's internal management organizations;

(x) to appoint or remove the president and the secretary to the Board of the Company, to appoint or remove any other member of the senior management including the vice president and the financial controller of the Company based on the nominations of the president, and to decide on their remuneration as well as reward and punishment issues;

(xi) to set up the Company's basic management system;

(xii) to formulate the proposals for any amendment to this AOA;

(xiii) to manage the information disclosure of the Company;

(xiv) to propose to the shareholders' general meeting the appointment or removal of the Company's accounting firms which shall conduct the audit of the Company;

(xv) to receive the work report of the president and to inspect his/her work;

(xvi) to perform the corporate governance functions; and

(xvii) to exercise such other functions and powers as authorized by the laws, administrative regulations, departmental rules, this AOA or the shareholders' general meetings.

Matters which exceed the authority delegated by the shareholders' general meetings shall be submitted to the shareholders' general meeting for consideration.

Except for the Board's resolutions in respect of the matters specified in the above paragraphs (vi), (vii) and (xii), which shall be passed by more than two-thirds of the directors by voting, the Board resolutions in respect of all other matters may be passed by more than half of the directors by voting.

Except for cases as provided in the appendix 3 note 1 of the *Listing Rules* or as permitted by the Hong Kong Stock Exchange, directors shall not vote on resolutions of the Board in respect of any contract, arrangement or any other suggestion in which they are substantially interested through themselves or any of their associates (as defined in the *Listing Rules*). When determining whether the quorum is reached, such directors shall not be counted.

If a director is connected to the enterprise related to the matters resolved by the Board meeting, he or she shall not exercise his or her voting right on such resolution nor shall he or she represent other directors to exercise their voting rights. More than

half of the non-connected directors shall make a quorum of such Board meeting and resolutions of the Board shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the Board meeting is less than three (3), relevant matters shall be submitted to the shareholders' general meeting for consideration.

If a material conflict of interest (as determined by the Board) of substantial shareholders (as defined in the *Listing Rules*) or directors exists in the matters to be considered by the Board, such matters shall not be considered by means of circulating documents or by its subcommittees (except for committees established specifically for such matters in accordance with resolutions of the Board), and the Board shall convene a Board meeting in respect of such matters. Independent non-executive directors who are not substantially interested through themselves or any of their associates (as defined in the *Listing Rules*) in the transaction shall attend the relevant Board meeting.

Mandatory Provisions, Article 88

Listing Rules, App3 Para 4(1), App 14A 1.8

Article 147 The Board of the Company shall explain to the shareholders' general meeting about non-standard audit opinion on the Company's financial reports issued by the accounting firm.

Article 148 The Board shall develop the rules of procedure of the Board in order to execute the resolutions of the shareholders' general meeting, improve the work efficiency and ensure scientific decision-making.

The rules of procedure of the Board shall set out holding and voting procedures of the Board meeting. The rules of procedure of the Board shall be included in this AOA or attached to this AOA, which shall be drawn up by the Board and approved by the shareholders' general meeting.

Article 149 The executive committee of the Board shall exercise the following functions and powers:

(i) to make decisions on any asset disposals of the Company, within the scope authorized by the Board;

(ii) to adjust the structure of the Company's internal management organizations and relevant arrangement of personnel as well as to set up the management system in relation to the day-to-day operation of the Company, within the scope authorized by the Board;

(iii) to report to the Board during the annual Board meeting; and

(iv) to exercise such other functions and powers as authorized by the Board.

The authorization granted to the executive committee by the Board shall be adopted unanimously by all directors.

Article 150 The Board may establish an audit committee, a remuneration and appraisal committee, a corporate strategy committee and other special committees in accordance with relevant laws, regulations and regulatory documents. Special committees shall only comprise directors. The audit committee shall only comprise and be chaired by independent directors, and at least one independent director shall be an accounting professional (i.e. those holding senior professional title or CPA qualification). The independent directors shall constitute the majority of the remuneration and appraisal committee and also chair the committee.

Special committees may engage intermediary institutions to provide professional opinions and relevant expenses shall be borne by the Company.

Article 151 Special committees shall be accountable to the Board. The investigation results of special committees within their respective scope of responsibility shall be reported to the Board and proposals by special committees shall be submitted to the Board for determination.

Article 152 The Board shall not, without the prior approval or consent of the shareholders' general meeting, dispose of or agree to dispose of, any fixed assets of the Company where the anticipated value of the assets to be disposed, together with the value of any fixed assets of the Company that have been disposed of in the period of four (4) months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as shown in the latest audited balance sheet placed before the shareholders' general meeting.

For the purposes of this AOA, a disposal of fixed assets includes an act involving the transfer of an interest in assets but the provision of fixed assets as security.

The validity of a disposal by the Company of fixed assets shall not be affected by the breach of the above paragraph one.

Mandatory Provisions, Article 89

Article 153 The Board shall make decisions on any asset disposals of the Company and its controlled subsidiaries (other than those subject to the consideration of the shareholders' general meeting), and any material asset disposals shall be passed by the Board in the first place and then submitted to the shareholders' general meeting for determination.

Connected transactions of the Company or its controlled subsidiaries (other than those between the Company and its controlled subsidiaries or among its controlled subsidiaries) shall also be discussed and determined by the Board except for being subject to the approval of the shareholders' general meeting. The Board may authorize the executive committee or the president to approve relevant connected transactions within its scope of authorization.

Material asset disposals and connected transactions being subject to the approval of the shareholders' general meeting shall be deemed as material matters. The Board shall arrange experts, professionals to review these matters and submit the same to the shareholders' general meeting for review.

An external guarantee provided by the Company and its controlled subsidiaries (except those that have to be approved by the shareholders' general meeting) shall be

examined and approved by the Board. The external guarantee that has to be examined and approved by the Board shall be approved by more than two-thirds (2/3) of the directors attending the meeting. In case of being found in violation of the provisions of this AOA in relation to the limit of authority for examining and approving the external guarantee, persons liable shall undertake corresponding legal responsibilities and economic responsibilities

Where otherwise provided in any other laws, administrative regulations, departmental rules, regulatory documents or this AOA on the above-mentioned matters, such other provisions shall apply.

Article 154 The Board shall have one chairperson and may have one vice-chairperson. The chairperson and vice-chairperson shall be elected by a majority of all of the directors.

Article 155 The chairperson of the Board shall exercise the following powers:

(i) to preside over shareholders' general meetings and to convene and preside over meetings of the Board;

(ii) to supervise and check the implementation of resolutions passed at the meeting of the Board;

(iii) to sign the Company's share certificates, the Company's debentures and other marketable securities;

(iv) to sign important documents of the Board and other documents that shall be signed by the legal representative of the Company;

(v) to exercise the functions and powers of legal representatives;

(vi) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide *ex post* reports to the Board and the shareholders' general meeting; and

(vii) to exercise other functions and powers conferred by the Board.

Where otherwise provided in any other laws, regulations, department rules, regulatory documents or this AOA on the above-mentioned matters, such other provisions shall apply.

Mandatory Provisions, Article 90

Article 156 The vice chairperson of the Board shall assist the chairperson of the Board. If the chairperson of the Board cannot or does not perform his/her duties, the vice chairperson shall perform the duties. If the vice chairperson cannot or does not perform his/her duties, a director elected by more than one-half of all the directors shall perform the duties.

Article 157 Regular Meetings of the Board shall be held at least four times a year at approximately quarterly intervals and convened by the chairperson of the Board. Notice of the meeting shall be served on all of the directors and supervisors ten (10) days before the date of the meeting. When there is an urgent matter, extraordinary meetings of the Board may be held upon proposal by the chairperson of the Board, more than one-third directors or the president. At a regular Board meeting, directors' approval shall not be obtained by means of circulation of written resolution.

Any shareholders representing one-tenth (1/10) or above of the voting rights or one-third or above of the members of the Board or the supervisory board may propose to convene an extraordinary meeting of the Board. The chairperson of the Board shall convene and chair the Board meeting within ten (10) days after the receipt of the proposal.

Mandatory Provisions, Article 91

Mandatory Provisions, Article 92

Listing Rules, App 14A.1.1&A.1.3

Article 158 The form of a notice of extraordinary meetings of the Board shall be as follows: by telephone or facsimile. The time limit for notification shall be: served three (3) days before the extraordinary meetings of the Board.

Article 159 All directors shall be informed of matters that require at least two-thirds (2/3) affirmative votes of all the directors and shall be provided with sufficient materials within the time period as stipulated herein. All directors shall proceed with these matters strictly in accordance with regulated procedures. When more than one-fourth (1/4) of the directors or more than two (2) external directors deem the materials inadequate or argument unclear, they may jointly request to postpone the meeting or to postpone the discussion of the related matters, which shall be accepted by the Board.

The agenda of the regular Board meeting and relevant meeting documents shall be delivered to all directors as soon as possible but in no event later than three (3) days before the proposed meeting date (or other agreed date) of the Board or its committees.

If directors have attended the meeting and have not raised an objection regarding the non-receipt of the above-mentioned notice before or at the meeting, such notice shall be deemed as being received by them.

The regular Board meeting or extraordinary Board meeting may be held in the form of conference call or similar audio and video transmission, as long as directors attending the meeting could hear and communicate with each other clearly. All directors attending the meeting shall be deemed as attending the meeting in person.

Opinions, Article 3

Listing Rules, App 14 A6.1

Article 160 The notification of the Board meeting shall include the following contents:

- (i) date and place of the meeting;
- (ii) duration of the meeting;
- (iii) subject matters and proposals; and
- (iv) date of notice.

Article 161 The Board meeting may only be held if attended by more than half of the directors. The resolution proposed by the Board shall require more than one-half affirmative votes of all the directors, except for matters that require at least two-thirds (2/3) affirmative votes of all the directors as prescribed by the laws, regulations, rules, regulatory documents and this AOA.

One (1) person shall have one (1) vote when voting on the resolution of the Board.

In case of an equality of votes, the chairperson is entitled to cast one (1) more vote.

All resolutions made by the Board at the executive committee shall be agreed by all directors unanimously.

Mandatory Provisions, Article 93

Article 162 The voting system for the resolution of the Board is: a written ballot vote.

Extraordinary meetings of the Board, under the premise of ensuring directors to fully express their views, may make the resolution by communication and signed by the directors present at the meeting.

Article 163 Meetings of the Board shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he or she may entrust in writing another director to attend the meeting on his or her behalf. The power of attorney shall specify the name of the proxy, the entrusted tasks, the scope and the duration of the authorization, and it shall be signed or sealed by the principal. A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authorization granted. If a director fails to attend a meeting of the Board and has not appointed a proxy to attend on his or her behalf, he or she shall be deemed to have waived his or her voting rights in respect of that meeting.

Directors attending the Boarding meeting via telephone, video conference, fax, email or correspondence shall be deemed as attending the meeting in person.

Mandatory Provisions, Article 94

Article 164 The Board shall prepare minutes of its decisions on the matters reviewed at the meetings. The directors attending a meeting shall sign the minutes of that meeting. Opinions of independent directors shall be specified in the Board resolution. Minutes of the Board meeting shall be preserved as the Company's files. A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company. Preservation period shall not be less than ten (10) years.

The first draft of the meeting minutes of the Board and its committees shall be submitted to all directors for review within a reasonable time period. Directors intending to amend or supplement the minutes shall submit suggested changes in written form to the chairperson of the Board within one (1) week upon the receipt of the meeting minutes. Upon the finalization of the meeting minutes, directors attending the meeting and the person who recorded the minutes shall sign on the minutes. The secretary to the Board shall carefully organize the minutes and the records of discussed matters, sign on the minutes and undertake the responsibility of accurate recording. The meeting minutes of the Board and its committees shall be preserved at the domicile of the Company in the PRC, and complete copies of the meeting minutes shall be delivered to each director as soon as possible. Written resolutions formed without following legal procedures but signed by directors do not have legal effect as the Board resolutions, even if each director has expressed his or her opinion in different ways.

The directors shall bear liability for the resolutions of the Board. Where a resolution of the Board is in violation of laws, administrative regulations or this AOA, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he or she expressed his or her opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting on his or

her behalf, the director may be relieved from such liability. Where a director abstained from voting or did not attend the meeting and failed to entrust other person to attend the meeting, the director may not be relieved from such liability. Where a director expressed his or her opposition to the resolution but did not vote against it, the director may not be relieved from such liability.

The duly appointed meeting secretary shall keep the meeting minutes of the Board and its committee. Upon reasonable notice from any director, the secretary shall make the relevant meeting minutes available for his or her review within any reasonable time period.

Mandatory Provisions, Article 95
Listing Rules, App14 A.1.5&A.1.6

Article 165 Minutes of Board meeting shall include the following contents:

- (i) date, place of the meeting, name of the convener;
- (ii) names of directors present, names of directors entrusted by another director (or proxy);
- (iii) agenda of the Board meeting;
- (iv) main point of the directors' speech; and
- (v) voting method and result of each proposal (the result shall state clearly the number of affirmative, dissenting and abstentious votes).

SECTION 3 THE INDEPENDENT DIRECTORS

Article 166 The independent directors shall meet the qualifications and independence requirements as specified in the relevant laws and regulations.

Article 167 The independent directors shall bear the duties of good faith and due diligence and care towards the Company and all the shareholders. They shall earnestly perform their duties and protect the overall interests of the Company in accordance with laws, regulations and this AOA.

In principle, independent directors can only hold concurrently the post of independent directors in four (4) listed companies at maximum except for the Company. They shall have enough time and energy to perform the duties of the independent directors effectively.

Article 168 The independent directors shall perform their duties independently without influence from the controlling shareholders, *de facto* controllers of the Company or other units or persons materially related to the Company.

Article 169 An independent director shall meet the following basic requirements:

(i) with qualifications required for a director of listed companies according to laws, administrative regulations and other relevant rules;

(ii) with independence required for an independent director of listed companies;

(iii) with basic knowledge on the operation of listed companies and familiar with the relevant laws, administrative regulations and rules;

(iv) with more than five (5) years' work experience in law, economics or other fields required by his or her performance of the duties of an independent director;

(v) other requirements set forth in this AOA; and

(vi) with qualifications required for an independent director as stipulated in the *Listing Rules*.

Article 170 The independent directors shall be nominated through the following ways:

(i) by shareholders who individually or jointly hold more than 1% of the shares issued by the Company;

(ii) by the Board; or

(iii) by the supervisory board.

Article 171 The nominator of an independent director shall obtain the consent to the nomination from the nominee before the nomination. The nominator shall have the full knowledge of the nominee's general information such as profession, educational background, professional title, detailed working experience and all other posts he or she concurrently holds, and give opinion on the nominee's qualifications and the independence required as an independent director. The nominee shall make a public statement that he or she has no relationship with the Company that may affect his or her independent objective judgment.

Article 172 The term of office of the independent director shall be the same as that of other directors in the Company. Upon the expiry of the term, he or she may serve another term if re-elected. However, the consecutive term shall not exceed 6 years.

Article 173 If the independent director fails to attend the Board meeting in person for three (3) consecutive times, the Board may request the shareholders' general meeting to replace the director. The independent director shall not be dismissed from the Company without proper reason before the term of his or her office expires, except for the above-mentioned reason or in those circumstances that a person may not be qualified to hold the position of a director stipulated in the *Company Law*. If an independent director is dismissed before the term of his or her office expires, the Company shall disclose the dismissal as a special disclosure matter. If the dismissed independent director deems the reason for the dismissal improper, he or she shall be entitled to make a public statement.

Article 174 The independent director may resign before the term of his or her office expires. He or she shall submit the written resignation report to the Board and spell out the circumstances related to the resignation or those that need the attention of the shareholders and the creditors of the Company. If the resignation of the independent director causes the proportion of the independent directors to all directors

in the Board to become less than the minimum required by the laws or this AOA, the resignation report of the independent director shall take effect after the subsequent appointed independent director fills the vacancy.

Article 175 In order to make the independent directors play an active role, the independent directors shall have the following special powers other than those granted to directors by the *Company Law* and other relevant laws and regulations:

(i) connected transactions that the Company intends to conclude with the connected party and whose total value exceeds RMB three (3) million and accounts for more than zero point five percent (0.5%) of the absolute value of the latest audited Company's net assets (other than the provision of external guarantees by the Company) shall be approved by the independent directors before being submitted to the Board for discussion. Before the independent directors make judgment, an intermediary agency can be employed to produce a report of independent financial advisor, which will serve as the basis for the independent directors' judgment;

(ii) the independent directors can put forward the proposal to the Board relating to the appointment or removal of the accounting firm;

(iii) the independent directors can propose to the Board to call an extraordinary shareholders' general meeting;

(iv) the independent directors can propose to call a meeting of the Board;

(v) the independent directors can appoint the external auditing or consulting organization independently;

Consent from over 1/2 of all the independent directors shall be obtained if the independent directors desire to exercise the above-mentioned power.

Article 176 Apart from carrying out the above-mentioned duties, the independent directors shall provide the independent opinion on the following matters to the Board or to the shareholders' general meeting:

(i) nomination, appointment or replacement of directors;

(ii) appointment or dismissal of senior management;

(iii) remuneration for directors and senior management;

(iv) any existing or new loan borrowed from the Company by or other funds transfer made by the Company's shareholders, *de facto* controllers or affiliated enterprises that exceeds RMB three (3) million and accounts for more than zero point five percent (0.5%) of the absolute value of the latest audited Company's net assets, and whether the Company has taken effective measures to recover the amount due;

(v) where the idle raised funds are used to make up working capital; where after single raising and investing project is finished, the Company uses the raised fund surplus of such project (including interest income) for other raising and investing projects; where after all the raising and investing projects are finished, the raised fund surplus (including interest income) exceeding ten percent (10%) of the net amount of the raised funds are used for other raising and investing projects; where the Company proposes to transfer or replace the raising and investing projects (except for those have been transferred or replaced in whole during the material asset restructurings of the Company);

(vi) events that the independent directors consider to be detrimental to the interests of minority shareholders;

(vii) other matters stipulated by laws, administrative regulations, departmental rules, regulations of the securities authorities of the place where the Company is listed or this AOA.

Article 177 With respect to the above-mentioned matters the independent directors shall provide one of the following kinds of opinions: a consent opinion, a reserved opinion and the reasons therefor, a negative opinion and the reasons therefor, or a non-comment opinion and the obstacles.

If certain matters need to be disclosed, the Company shall publish the opinion provided by the independent directors. If the independent directors disagree among themselves and are not able to reach the consensus, the Board shall disclose the independent directors' respective opinions separately.

Article 178 The Company shall ensure that the independent directors have the same right to be kept informed as the other directors in the Company. With respect to the important matters necessary to be submitted to the Board meeting for consideration, the Company shall notify the independent directors in advance within legally prescribed time and provide them with sufficient materials and documents. The independent directors may ask for supplementary materials if they consider the given documents incomplete. While two or more independent directors consider that the materials and documents provided to them are insufficient or unclear, they may jointly propose to postpone the meeting or to postpone the discussion of the related matter, which should be adopted by the Board.

The materials provided by the Company shall be preserved by the Company and the independent directors themselves for at least five (5) years.

Article 179 The Company shall make the necessary working conditions available to the independent directors for them to perform their duties. The secretary to the Board shall actively provide assistance to the independent directors by providing information, materials and documents and etc. If the independent opinion, proposal and written statement given by the independent directors shall be made public, the secretary to the Board shall handle the matters concerning the announcement at the stock exchange without delay.

Article 180 When the independent directors exercise their powers, the persons concerned in the Company shall cooperate actively and shall not turn down the independent directors' proper request, nor shall they hinder the independent directors' work or conceal the information. The independence of the independent directors shall not be intervened.

Article 181 The reasonable expenses incurred from the engagement of intermediary agencies and other expenses relating to the performance of duties by the independent directors shall be borne by the Company.

Article 182 The Company shall grant the appropriate allowance to the independent directors. The standard of the allowance shall be proposed by the Board meeting, approved by the shareholders' general meeting, and disclosed in the Company's annual report.

The independent directors shall not receive any extra non-disclosed interests and compensation from the Company, its controlling shareholders and *de facto* controllers, or other interested entities and individuals other than the above-mentioned allowance.

CHAPTER 6 THE SENIOR MANAGEMENT

Article 183 The Company shall have one (1) president who is nominated by the chairperson of the Board, and appointed and removed by the Board.

The Company may have one (1) chief executive officer depending on the actual situation. If the Board of the Company decides to have a chief executive officer, the present under this AOA shall refer to the chief executive officer, and all relevant rules in respect of the authority, obligations, and appointment or removal procedures of the president shall also apply to the chief executive officer. Under such circumstances, all relevant rules in respect of other members of the senior management shall be reference to, and apply to, the authority, obligations, appointment or removal of the president, which will be decided by the Board.

The vice-president and financial controller shall be nominated by the president and appointed and dismissed by the Board.

The secretary to the Board shall be nominated by the chairperson of the Board and appointed and dismissed by the Board.

The president, vice-president, financial controller, secretary to the Board or other personnel performing the same or similar duties as the above-mentioned personnel of the Company shall be the senior management of the Company.

Mandatory Provisions, Article 99

Article 184 The circumstances under which a person is not qualified to serve as a director, as stipulated in article 134 of this AOA, shall also apply to the senior management.

The provisions regarding the duty of loyalty as stipulated in article 136, and the duty of diligence as stipulated in paragraph 4 to paragraph 6 of article 137, shall also apply to the senior management.

Mandatory Provisions, Article 102

Article 185 Persons serving in the controlling shareholders or *de facto* controllers of the Company, except the directors, cannot take the position of senior management in the Company.

Article 186 Each term of office of the president shall be three (3) years. The president may, if re-elected upon expiration of his or her term of office, serve consecutive terms. The president shall be accountable to the Board and shall exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management and to report his/her work to the Board;

(ii) to organize the implementation of the resolutions of the Board, the Company's annual plan and investment proposal;

(iii) to report the business of the Company regularly and submit annual report to the Board;

(iv) to be in charge of the ordinary operation, management and business of the Company;

(v) to draft plans for the establishment of the Company's internal management structure;

(vi) to develop the Company's basic management system;

(vii) to formulate basic rules and regulations for the Company;

(viii) to propose the appointment or dismissal of the vice president and financial controller of the Company to the Board;

(ix) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(x) to nominate persons responsible for functional departments of the Company and controlled subsidiaries of the Company;

(xi) to propose the convention of extraordinary meetings of the Board;

(xii) to determine the wages, benefits, rewards and punishments of the Company's staff, and to determine the appointment and dismissal of the Company's staff; and

(xiii) other powers conferred by this AOA and the Board.

If the above matters are provided for in other laws, administrative regulations, departmental rules, regulations of the securities authorities of the place where the Company is listed or this AOA, such laws, administrative regulations, departmental rules, regulations of the securities authorities of the place where the Company is listed or this AOA shall apply.

The president shall attend meetings of the Board as non-voting attendees. The president who is not a director does not have any voting rights at any meetings of the Board.

Mandatory Provisions, Article 100

Mandatory Provisions, Article 101

Article 187 The president shall formulate the rules of procedure of the president office, which shall be implemented upon the approval of the Board.

Article 188 The rules of procedure of the president office shall include the following contents:

(i) conditions of the president office meeting, procedure and the persons to participate;

(ii) specific duties and division of work of the senior management;

(iii) authority to utilize capital and assets of the Company, and to sign material contracts and implementation measures regarding such matters; reporting system to the Board, the supervisory board; and

(iv) other matters the Board thinks necessary.

Article 189 The president may resign before the expiration of the term. The specific resignation procedures and measures regarding other members of the senior management shall be stipulated by the employment contract between them and the Company.

Article 190 The vice-president shall be nominated by the president. The president may submit the proposal to the Board for the appointment or dismissal of the vice-president. The vice-president shall assist the president in performing his or her duties. In case the president cannot perform his or her duties, he or she shall appoint one vice-president or assistant president to act on his or her behalf.

Article 191 The Company shall have a secretary to the Board. The secretary to the Board shall be a member of the senior management of the Company.

The secretary to the Board shall perform his or her duties in accordance with laws, administrative regulations, departmental rules and this AOA. Where necessary, the Board may establish a working committee for the secretary to the Board.

Mandatory Provisions, Article 96

Opinions, Article 1

Article 192 The Company's secretary to the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. His/her main tasks include:

(i) to ensure that the Company has complete constitutional documents and records;

(ii) to ensure the preparation and provision of the reports and documents required by the authorities in compliance with laws; and

(iii) to ensure that the share register of the Company has been properly maintained and those who have rights to obtain the relevant records and documents can get them in time.

Mandatory Provisions, Article 97

Article 193 Directors or other members of the senior management of the Company may concurrently hold the office of secretary to the Board. No accountant of the accounting firm hired by the Company may concurrently hold the office of secretary to the Board.

If a director of the Company concurrently hold the office of secretary to the Board and a certain act is to be done by a director and the secretary to the Board separately, the person who concurrently holds the offices of director and secretary to the Board may not perform such act in both capacities.

Mandatory Provisions, Article 98

Article 194 Where the president and other members of the senior management violate laws, administrative regulations, departmental rules or this AOA in performance of their duties to the Company, thus causes losses to the Company, they shall be liable for compensation.

CHAPTER 7 THE SUPERVISORY BOARD

SECTION 1 THE SUPERVISORS

Article 195 The circumstances under which a person is not qualified to serve as a director, as stipulated in article 134 of this AOA, shall also apply to the supervisors.

The directors, president, financial controller and any other member of the senior management shall not act concurrently as supervisors.

Mandatory Provisions, Article 106

Article 196 Supervisors shall abide by laws, administrative regulations and this AOA and shall undertake the duties of loyalty and diligence to the Company. Supervisors shall faithfully perform their supervision duties. They shall not use the position to take bribes or other illegal incomes, and shall not appropriate the property of the Company.

Mandatory Provisions, Article 111

Article 197 Each supervisor shall serve for a term of three (3) years, which term is renewable upon re-election and re-appointment.

Mandatory Provisions, Article 104

Article 198 Where any supervisor is not re-elected in time upon the expiry of his/her term of office, or the number of the supervisors is under the statutory minimum number because of any supervisor's resign during the term of office, before the re-elected supervisor's taking office, the former supervisor shall perform the duty of supervisor in accordance with laws, administrative regulations and this AOA.

Article 199 Supervisors shall ensure the information disclosed by the Company is true, accurate and complete.

Article 200 Supervisors may attend the Board meetings as non-voting attendees, and may raise queries or make proposals on matters to be resolved by the Board.

Article 201 Supervisors shall not take the advantage of their affiliated relationships to harm the Company's interest, if thus causes losses to the Company, they shall be liable for the compensation.

Article 202 Where a supervisor violates laws, administrative regulations, departmental rules or this AOA in performance of his or her duty to the Company, and thus causes losses to the Company, he or she shall be liable for the compensation.

SECTION 2 THE SUPERVISORY BOARD

Article 203 The Company shall have a supervisory board. The supervisory board shall be composed of three (3) supervisors, and shall have one (1) chairperson. The election or removal of the chairperson of the supervisory board shall be determined by the affirmative votes of two-thirds (2/3) or more of the members of the supervisory board.

The chairperson convenes and moderates the meeting of the supervisory board. Where the chairperson is unable or fails to perform the duty, a supervisor, elected by half of all the supervisors, shall convene and moderate the meeting of the supervisory board.

Mandatory Provisions, Article 103

Listing Rules, App13D Para 1(d)(i)

Article 204 The supervisory board shall have an appropriate proportion of the Company's staff representatives. The ratio of staff representatives shall not be less than one-third (1/3) of the total number of the members of the supervisory board. The members of the supervisory board, other than the supervisors who are staff, shall be elected and dismissed by the shareholders' general meeting. The staff representatives shall be elected by the Company's staff through the meeting of the staff representatives, the meeting of the staff or otherwise in a democratic manner.

Mandatory Provisions, Article 105

Article 205 The supervisory board shall be accountable to the shareholders' general meetings and exercise the following functions and powers in accordance with law:

(i) to review the financial information such as the financial reports, business reports and plans for distribution of profits prepared by the Board and to be submitted to the shareholders' general meetings and to make the comments in writing after review;

(ii) to review the Company's financial position;

(iii) to supervise the behaviours of the directors, president and any other member of the senior management in performing their duties, and to advise on the dismissal of directors, president or any other member of the senior management who are in breach of laws, administrative regulations, this AOA or resolutions of the shareholders' general meetings;

(iv) to demand the directors, president and any other member of the senior management to rectify their error if they have acted in a way detrimental to the Company's interest;

(v) to propose to convene an extraordinary general meeting, and where the Board fails to perform the duties in relation to convening or presiding over a shareholders' general meeting as required by the *Company Law*, to convene and preside over the shareholders' general meeting;

(vi) to propose motions at a shareholders' general meeting;

(vii) to initiate litigations against directors, the president and any other member of the senior management in accordance with the provisions of the *Company Law*;

(viii) to investigate into any abnormalities in operation of the Company; and if necessary, to employ professional institutions such as accounting firms and law firms to assist in its work, and the expenses shall be borne by the Company;

(ix) to act on behalf of the Company in negotiations with or in bringing actions against directors; and

(x) other functions and powers as authorized by the laws, administrative regulations, departmental rules and the provisions of this AOA or by the shareholders' general meetings.

Mandatory Provisions, Article 108

Article 206 The supervisory board shall have a meeting at least every six (6) months. Supervisors may propose an extraordinary meeting.

Decisions of the supervisory board shall be made by the affirmative votes of two-thirds (2/3) or more of the supervisors.

Listing Rules, App13D Para 1(d)(ii)

Article 207 The supervisory board shall formulate the rules of procedure of the supervisory board in order to set out the methods of discussion and voting procedures of the supervisory board, and improve the work efficiency and ensure scientific decision-making.

The rules of procedure of the supervisory board shall set out holding and voting procedures of the supervisory board meetings. The rules of procedure of the supervisory board shall be included in this AOA or attached to this AOA, which shall be drawn up by the supervisory board and approved by the shareholders' general meeting.

Mandatory Provisions, Article 109

Article 208 Decisions on matters discussed at a meeting of the supervisory board shall be recorded on the meeting minutes, and the meeting minutes shall be signed by the supervisors present at such meeting.

Supervisors may have the right to request the descriptive record of their speech on the minutes. Meeting minutes of the supervisory board shall be kept as the Company's files and a complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company, all of which shall be preserved for at least ten (10) years.

Article 209 The notification of the supervisory board meeting shall include the following contents:

- (i) date, place and duration of the meeting;
- (ii) subject matters and proposals; and

(iii) date of the notification.

Article 210 The supervisory board may make proposals concerning the accounting firm to be hired by the Company and, when necessary, in the Company's name appoint another accounting firm to independently review the Company's finance. The supervisory board may directly report circumstances to the securities authorities of the State Council and other relevant authorities.

Opinions, Article 7

Article 211 The reasonable expenses incurred by the supervisory board in connection with the engagement of professionals such as lawyers, certified public accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company.

Mandatory Provisions, Article 110

CHAPTER 8 QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, THE SUPERVISORS AND THE SENIOR MANAGEMENT OF THE COMPANY

Article 212 A person may not serve as a director, supervisor, the president or any other member of the senior management of the Company if any of the following circumstances applies:

(i) a person without or with restricted capacity of civil conduct;

(ii) a person who has committed an offence of corruption, bribery, encroachment of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his/her political rights, in each case where no more than five (5) years has elapsed since the date of the completion of implementation of such punishment or deprivation;

(iii) a person who is a former director, factory manager or president of a company or enterprise which has entered into insolvent liquidation because of

mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where no more than three (3) years has elapsed since the date of the completion of the insolvent liquidation of such company or enterprise;

(iv) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and he/she is personally liable for such revocation, where no more than three (3) years has elapsed since the date of the revocation of the business license;

(v) a person who has a relatively large amount of debts due and outstanding;

(vi) a person who is under criminal investigation or prosecution by judicial authority for violation of the criminal law which investigation or prosecution is not yet concluded;

(vii) a person who is not eligible for enterprise leadership according to laws and administrative regulations;

(viii) a non-natural person;

(ix) a person convicted of violating the provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he/she has acted fraudulently or dishonestly, where less than five (5) years has lapsed since the date of the conviction.

Mandatory Provisions, Article 112

Article 213 The validity of an act of a director, the president or any other member of the senior management on behalf of the Company with respect to a bona fide third party shall not be affected by any non-compliance in his/her appointment, election or qualification.

Mandatory Provisions, Article 113

Article 214 In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, the president and other

members of the senior management owes a duty to each shareholder, in the exercise of the functions and powers that the Company confers on him/her:

(i) not to cause the Company to exceed the business scope stipulated in its business license;

(ii) to act honestly in the best interest of the Company;

(iii) not to expropriate the Company's property by any means, including (without limitation) usurpation of opportunities advantageous to the Company; and

(iv) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to and approved by the shareholders' general meeting in accordance with this AOA.

Mandatory Provisions, Article 114

Article 215 Each of the Company's directors, supervisors, the president and other members of the senior management owes a duty, in the exercise of his/her powers and discharge of his/her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Mandatory Provisions, Article 115

Article 216 Each of the Company's directors, supervisors, the president and other members of the senior management shall carry on his/her duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where his/her interest and his/ her duty may conflict. This principle includes (without limitation) discharging the following obligations:

(i) to act honestly in the best interests of the Company;

(ii) to exercise powers within the scope of his/her powers and not to exceed such scope;

(iii) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of others and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of the

shareholders' general meeting, not to delegate the exercise of his/her discretion to others;

(iv) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(v) except in accordance with this AOA or with the informed consent of the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;

(vi) without the informed consent of the shareholders' general meeting, not to use the Company's property by any means for his/her own benefit;

(vii) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;

(viii) without the informed consent of the shareholders' general meeting, not to accept commissions in connection with the Company's transactions;

(ix) to abide by this AOA, faithfully execute his/her official duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own private interests;

(x) not to compete with the Company in any form without the informed consent of shareholders' general meeting;

(xi) not to misappropriate the Company's funds or to lend such funds to any other person, not to deposit the Company's assets in the accounts in his/her own name or in any other name or to use such assets to provide guarantee for the debts of a shareholder of the Company or any other personal liabilities; and

(xii) without the informed consent of the shareholders' general meeting, not to disclose any confidential information in relation to the Company acquired by him/her during his/her tenure of office and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

(1) disclosure is required by law;

(2) public interests so require;

(3) the interests of the relevant director, supervisor, the president or any other member of the senior management require disclosure.

Mandatory Provisions, Article 116

Article 217 Each director, supervisor, the president or any other member of the senior management of the Company shall not cause the following persons or institutions (“**Related Persons**”) to do what he/she is prohibited from doing:

(i) the spouse or minor children of that director, supervisor, the president or any other member of the senior management;

(ii) a trustee of that director, supervisor, the president or any other member of the senior management or any person referred to in paragraph (i) above;

(iii) a partner of that director, supervisor, the president or any other member of the senior management or any person referred to in paragraphs (i) and (ii) above;

(iv) a company in which that director, supervisor, the president or any other member of the senior management, alone or jointly with one or more persons referred to in paragraphs (i), (ii) and (iii) above and other directors, supervisors, the president and other members of the senior management, have a de facto controlling interest; and

(v) the directors, supervisors, president and other members of the senior management of the controlled company referred to in paragraph (iv).

Mandatory Provisions, Article 117

Article 218 The fiduciary duties of the directors, supervisors, the president and other members of the senior management of the Company do not necessarily cease upon the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period on a fair basis depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationships between them and the Company are terminated.

Mandatory Provisions, Article 118

Article 219 A director, a supervisor, the president or other members of the senior management of the Company may be relieved from liability for a specific breach of obligations by the shareholders' general meeting after it has been informed, except in circumstances as specified in Article 63 hereof.

Mandatory Provisions, Article 119

Article 220 Where a director, supervisor, the president or any other member of the senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, regardless whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board under normal circumstances.

A director shall withdraw from and not vote on any Board resolution approving any proposal in which he/she or any of his/her associates has a material interest, nor shall he/she be counted in the quorum present at the meeting.

Unless the interested director, supervisor, president or any other member of the senior management discloses his/her interests to the Board in accordance with the requirements above and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested director, supervisor, president or any other member of the senior management is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that director, supervisor, the president or any other member of the senior management is materially interested is voidable at the option of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, the president or any other member of the senior management.

For the purposes of this AOA, a director, supervisor, the president or any other member of the senior management of the Company is deemed to be interested in a

contract, transaction or arrangement in which an Related Person of his/hers is interested.

Mandatory Provisions, Article 120

Article 221 Where a director, supervisor, the president or any other member of the senior management of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements of any description, which may subsequently be made by our Company, such notice shall be deemed for the purposes of this subsection to be a sufficient declaration of his/her interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by our Company.

Mandatory Provisions, Article 121

Article 222 The Company may not in any manner pay tax on behalf of its directors, supervisors, the president or other members of the senior management.

Mandatory Provisions, Article 122

Article 223 The Company shall not directly or indirectly make a loan to, or provide any security in connection with the making of a loan to a director, supervisor, the president or other members of the senior management of the Company or of the Company's "Controlling Shareholders" or any of their respective Related Persons.

However, the following transactions are not subject to such prohibition:

(i) the provision by the Company of a loan or a security for a loan to a company which is a subsidiary of the Company;

(ii) the provision by the Company of a loan or a security for a loan or any other funds to any of its directors, supervisors, the president and other members of the senior management of the Company for them to pay for expenditure incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to

perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders' general meeting; and

(iii) the provision by the Company of a loan or a security for a loan to any of the relevant directors, supervisors, the president and other members of the senior management or their respective Related Persons on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the provision of a security for a loan.

Mandatory Provisions, Article 123

Article 224 A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan, regardless of the terms of the loan.

Mandatory Provisions, Article 124

Article 225 A loan security provided by the Company in breach of the provisions of paragraph 1 of Article 223 shall be unenforceable against the Company, unless:

(i) the security was provided in connection with a loan to a Related Person of any of the directors, supervisors, the president and other members of the senior management of the Company or of the Company's "Controlling Shareholders" and at the time the loan was advanced the lender did not know the relevant circumstances; or

(ii) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

Mandatory Provisions, Article 125

Article 226 For the purposes of the foregoing articles in this Chapter, the term "security" shall include an undertaking or property provided to secure the performance of obligations by the obligor.

Mandatory Provisions, Article 126

Article 227 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, the president or any other member of the senior management of the Company is in breach of his/her duties to the Company, the Company has a right to:

(i) claim damages from the director, supervisor, president or any other member of the senior management in compensation for losses sustained by the Company as a result of such breach;

(ii) rescind any contract or transaction entered into by the Company with the director, supervisor, president or any other member of the senior management or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, the president or any other member of the senior management representing the Company);

(iii) require the director, supervisor, president or any other member of the senior management to return the benefits received by him/her as a result of the breach of the obligations;

(iv) recover any funds received by the director, supervisor, president or any other member of the senior management that should have been received by the Company, including (without limitation) commissions; and

(v) require the director, supervisor, president or any other member of the senior management to return the interest that is earned or may have been earned from the fund which should have been payable to the Company.

Mandatory Provisions, Article 127

Article 228 The Company shall, with the prior approval of the shareholders' general meeting, enter into a contract in writing with each of the directors or supervisors wherein his or her emoluments are stipulated. The aforesaid emoluments include:

(i) emoluments in respect of his or her service as a director or supervisor of the Company;

(ii) emoluments in respect of provision of other services in relation to the management of the Company and any subsidiary of the Company;

(iii) payment by means of compensation for loss of office, or as consideration for or in connection with his or her retirement from office.

Unless otherwise provided by the said contract, a director or supervisor shall not file legal proceedings against the Company in respect of the benefits due to him/her from the aforesaid matters.

Mandatory Provisions, Article 128

Article 229 The contracts concerning the emoluments between the Company and its directors or supervisors should provide that, in the event of an acquisition of the Company, the directors and supervisors shall, subject to the prior approval of the shareholders' general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement. An "acquisition of the Company" referred to in this paragraph means either:

(i) a takeover offer made by any person to all shareholders; or

(ii) a takeover offer made by any person to enable the offeror to become a "Controlling Shareholder". "Controlling Shareholder" shall have the meaning as set out in Article 64 of this AOA.

If the relevant director or supervisor does not comply with this article, any sum so received by him/her shall belong to those persons who have sold their shares as a result of accepting the offer made. The expenses incurred in distributing such sum pro rata amongst those persons shall be borne by the relevant director or supervisor and not paid out of that sum.

Mandatory Provisions, Article 129

**CHAPTER 9 FINANCIAL AND ACCOUNTING SYSTEM,
PROFIT DISTRIBUTION AND AUDITING**

SECTION 1 FINANCIAL AND ACCOUNTING SYSTEM

Article 230 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and rules of the relevant PRC governmental departments.

The Company shall prepare financial statements at the end of each fiscal year. Such reports shall be examined and verified according to law.

Mandatory Provisions, Article 130

Mandatory Provisions, Article 131

Article 231 The Company shall submit the annual financial statements to CSRC and stock exchanges within or outside the PRC within four (4) months after the end of each fiscal year. The Company shall submit the semi-annual financial statements to the local counterparts of CSRC and the stock exchanges within or outside the PRC within two (2) months after the end of the first six (6) months of each fiscal year. The Company shall submit the quarterly financial statements to the local counterparts of CSRC and the stock exchanges within or outside the PRC within one (1) month after the end of the first three (3) months or nine (9) months of each fiscal year.

The above-mentioned financial statements shall be prepared in accordance with relevant laws, administrative regulations and departmental rules.

Article 232 The Board shall place before the shareholders at every annual general meeting such financial statements as required by any laws, administrative regulations or directives promulgated by competent regional governmental authorities to be prepared by the Company.

Mandatory Provisions, Article 132

Article 233 The Company's financial statements shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every annual general meeting of shareholders. Each shareholder shall be entitled to obtain the aforementioned financial statements.

The above-mentioned financial statements shall include the directors' report, together with the balance sheet (including documents required by the laws, administrative regulations of PRC or other jurisdiction), and the profit and loss account and the income and expenditure statement, or summary financial statements approved by the Hong Kong Stock Exchange (as long as not in violation of the relevant PRC laws).

The Company shall send the directors' report and the above-mentioned financial statements to each holder of overseas-listed Foreign Shares by prepaid mail to the recipient's address shown in the share register or other means stipulated in this AOA (if needed) twenty-one (21) days before the date of the annual general meeting of shareholders.

Mandatory Provisions, Article 133

Listing Rules, App 3 Para 5

Article 234 The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either International Financial Reporting Standards, or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an appendix to the financial statements. When the Company distributes its after-tax profits for the relevant fiscal year, it is required to distribute dividends based on the lower of the Company's distributable after-tax profits determined under the two accounting standards.

Mandatory Provisions, Article 134

Article 235 Any interim results or financial information published or disclosed by the Company must be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either International Financial Reporting Standards or that of the overseas place where the Company's shares are listed.

Mandatory Provisions, Article 135

Article 236 The Company shall publish its financial statements twice every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.

Mandatory Provisions, Article 136

Article 237 The Company may not establish any account books other than statutory account books. No accounts shall be opened in the name of any individual for deposit of the assets of the Company.

Mandatory Provisions, Article 137

Article 238 The capital common reserve shall include the following funds:

- (i) the premiums obtained from the issue of shares in excess of the par; and
- (ii) other revenue required by the State Council's department in charge of finance to be included in the capital common reserve.

Mandatory Provisions, Article 138

Article 239 Where the Company distributes the annual after tax profits, it shall allocate ten percent (10%) of its profits for the statutory surplus fund. Where the accumulated amount of the statutory surplus fund of the Company exceeds fifty (50) percent of its registered capital, further allocation may be dispensed with.

Where the statutory surplus fund of the Company is insufficient to make up the Company's losses for the previous year, the Company shall, first of all, apply its

annual profits to make up its losses prior to allocation for the statutory surplus fund in accordance with the provisions of the preceding paragraph.

After allocating after tax profits for the statutory surplus fund, the Company may, upon resolution adopted by the shareholders' general meeting, allocate after tax profits for its discretionary surplus fund.

The Company shall distribute the after tax profits after making up losses and allocating surplus fund to its shareholders in proportion to the shares held by each shareholder, except where this AOA stipulate that such profits shall not be distributed in proportion to the shares held.

Where the shareholders' general meeting, in violation of the provisions of the preceding paragraph, distributes profits to the shareholders before the Company makes up its losses and makes allocation for the statutory surplus fund, the shareholders shall return to the Company the profits distributed to them in violation of the provisions.

No profits shall be distributed to the Company for its own shares.

Article 240 The surplus fund of the Company shall be used to make up for the Company's losses or to expand production and operation of the Company, or shall be converted into an increase in the Company's capital. However, the capital surplus fund shall not be used for making up the losses of the Company.

Where the statutory surplus fund is converted to capital, the remaining amount of such surplus fund shall not be less than twenty five (25) percent of the registered capital prior to such conversion.

Article 241 After the resolution on profit distribution has been adopted at the shareholders' general meeting, the Board shall complete the distribution of dividends (or shares) within two (2) months from the shareholders' general meeting.

Article 242 Dividends or other payments declared by the Company to be payable to holders of Domestic Shares shall be paid in RMB. Those payable to holders of H

Shares shall be declared and calculated in RMB, and paid in Hong Kong dollars. Foreign exchange related matters in relation to the payment of dividends or other payments by the Company to holders of H Shares shall be handled in accordance with relevant PRC regulations on foreign exchange.

That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

The Board shall have the power to forfeit unclaimed dividends, but that power shall not be exercised unless the relevant validity period has lapsed.

Listing Rules, App 3 Para 3(1)&(2)

Article 243 When distributing the dividends to shareholders, the Company shall withhold and remit tax payable based on the amount distributed to shareholders in accordance with the PRC tax law.

Article 244 The Company shall appoint agents for receiving payment in respect of holders of overseas-listed Foreign Shares. Such receiving agents shall receive dividends which have been distributed by the Company in respect of overseas-listed Foreign Shares and other payables to holders of overseas-listed Foreign Shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the requirements of the laws or relevant stock exchange rules of the place(s) where the shares are listed.

The receiving agents appointed for holders of overseas-listed Foreign Shares listed on the Hong Kong Stock Exchange shall each be a company registered as a trust company under the *Trustee Ordinance* of Hong Kong.

The Company shall have the power to cease sending dividend warrants by post to any holder of overseas-listed Foreign Shares, provided that the Company will not exercise such power until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company has the power to sell the shares of a holder of overseas-listed Foreign Shares who is untraceable by means considered appropriate by the Board under the following conditions:

(i) during a period of twelve (12) years at least three (3) dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(ii) on expiry of the twelve (12) years the Company gives notice of its intention to sell the shares by means of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the stock exchange on which such shares are listed of such intention.

Mandatory Provisions, Article 140

Listing Rules, App13D Para 1(c), App 3 Para13 (1) &(2)

Article 245 The profit distribution policy of the Company is set out as below:

(i) Principle of profit distribution: The Company shall implement a consistent and stable profit distribution policy which values to reasonable investment return to investors with a view to the Company's sustainable development.

(ii) Method of profit distribution: Dividend may be distributed by the Company by way of cash or shares or a combination of them. The Company may distribute interim cash dividend where conditions allow.

(iii) Conditions and proportion of cash dividend: If the Company records profit with a positive balance of accrued but undistributed profit in the current year where there is no major investment plan or significant cash expenditures or other events, dividend shall be distributed by way of cash. The cumulative profit distributed by way of cash dividends of the Company for the latest three years shall not be less than 30% of the average annual distributable profit for the same three-year period. The specific profit distribution plan is subject to approval by shareholders' general meeting with reference to actual business operation of the Company during the year.

(iv) Decision-making mechanism and procedures of profit distribution: The Company's profit distribution plan as proposed and approved by the Board is subject

to approval by shareholders' general meeting, for which independent directors shall express definite opinions. In proposing a profit distribution plan, the Board shall take into consideration the opinions of relevant stakeholders, especially the minority shareholders.

(v) Adjustment to profit distribution policy: An adjustment to profit distribution policy, if necessary due to material changes in external operating environment or corporate business operation, is subject to approval by shareholders' general meeting after being approved by the Board based on thorough demonstration, for which independent directors shall express independent opinions.

(vi) In case of capital occupied by a shareholder in violation of regulating rules, the Company shall deduct the amount occupied by such shareholder from cash dividend allocable to such shareholder so as to retrieve the occupied capital.”

Mandatory Provisions, Article 139

SECTION 2 INTERNAL AUDITING

Article 246 The Company shall establish an internal control system in order to regulate the operation and management of the Company, strengthen the effective administration of the Company, improve the risk management of the Company, and protect legal rights and interests of shareholders.

Article 247 The Company shall adopt the internal auditing system, with full-time auditors, in order to conduct internal auditing on the balance of payments and economic activities of the Company.

Article 248 The internal auditing system and the functions of auditors of the Company shall be implemented after the approval of the Board. The head of auditing shall be accountable to and report to the Board.

SECTION 3 APPOINTMENT OF ACCOUNTING FIRMS

Article 249 The Company shall employ an accounting firm that has the “qualification to engage in securities related business” to audit the accounting statements, verify shareholders’ equity and provide other relevant consultation services. Its term of office shall be one (1) year and it may be re-appointed.

The first accounting firm of the Company may be employed by the inaugural meeting prior to the first annual meeting of shareholders. Such accounting firm shall hold office until the conclusion of the first annual meeting of shareholders.

If the inaugural meeting does not exercise its power under the preceding paragraph, the Board shall exercise such power.

Mandatory Provisions, Article 141

Article 250 The appointment of the accounting firm shall be decided by the shareholders’ general meeting. The Board shall not appoint accounting firm before the resolution of the shareholders’ general meeting.

Article 251 The accounting firm appointed by the Company shall hold office from the conclusion of the annual meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Mandatory Provisions, Article 142

Article 252 The Company’s appointment of, removal of and non-reappointment of an accounting firm shall be resolved by shareholders’ general meetings. Such resolution shall be filed with the PRC securities authority.

Where it is proposed that any resolution be passed at a shareholders’ general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, reappointment of an accounting firm which was appointed by the Board to fill a casual vacancy, or removal of the accounting firm before the expiration of its term of office, the following provisions shall apply:

(i) A copy of the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposing to leave its post or the accounting firm which has left its post during the relevant fiscal year (leaving includes leaving by removal, resignation and retirement) before the notice of the shareholders' general meeting is given to the shareholders.

(ii) If the accounting firm leaving its post makes presentations in writing and requests the Company to notify such presentations to the shareholders, the Company shall (unless the presentations are received too late):

(1) in any notice of the resolution given to shareholders, state the fact of the presentations having been made by the accounting firm leaving its post; and

(2) attach a copy of the presentations to the notice and deliver it to the shareholders in the manner stipulated in this AOA.

(iii) If the accounting firm's presentations are not sent in accordance with paragraph (ii) above, the relevant accounting firm may require that the presentations be read out at the shareholders' general meeting and may lodge further complaints.

(iv) An accounting firm which is leaving its post shall be entitled to attend:

(1) the shareholders' general meeting at which its term of office would otherwise have expired;

(2) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and

(3) any shareholders' general meeting convened due to its resignation;

An accounting firm which is leaving its post shall be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of the Company.

Mandatory Provisions, Article 147

Listing Rules App 13D Para 1(e)-(i)

Article 253 An accounting firm employed by the Company shall have the following rights:

(i) the right of access at all times to the account books, records or vouchers of the Company and the right to require directors, the president and other members of the senior management of the Company to provide the relevant information and explanations;

(ii) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and

(iii) the right to attend shareholders' meetings, to receive the notice of or other information concerning any shareholders' meetings that any shareholder is entitled to receive, and to speak at any shareholders' meetings on any matter which relates to it as the accounting firm of the Company.

Mandatory Provisions, Article 143

Article 254 The Company warrants to provide the appointed accounting firm with actual and complete accounting vouchers, accounting books, financial reports and other accounting information, which shall not be refused, hidden or falsely reported.

Article 255 The remuneration of an accounting firm or the manner in which such accounting firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.

Mandatory Provisions, Article 146

Article 256 If there is a vacancy in the position of accounting firm of the Company, the Board may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period when a vacancy arises.

Mandatory Provisions, Article 144

Article 257 The shareholders' general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the accounting firm, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

Mandatory Provisions, Article 145

Article 258 When the Company removes or does not renew the employment of an accounting firm; it shall give a ten (10)-day advance notice to the accounting firm. The accounting firm shall have the right to present its views when such removal is voted on at the shareholders' general meeting.

Where the accounting firm resigns, it shall state to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Any accounting firm may resign by depositing at the Company's legal address a written resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

(1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

(2) a statement of any such circumstances.

The Company shall within fourteen (14) days after receiving such notice send a copy of the notice to the competent authority. If the notice contains a statement under sub-paragraph (2) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder who is entitled to obtain a copy of such statement to the address registered in the share register.

Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the Board to convene a shareholders' extraordinary

general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

Mandatory Provisions, Article 148

Listing Rules App 13D Para 1(e)(ii)-(iv)

Article 259 The appointment, removal or non-reappointment of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the securities authorities of the State Council for the record.

Mandatory Provisions, Article 147

CHAPTER 10 NOTIFICATION AND PUBLIC ANNOUNCEMENT

SECTION 1 NOTIFICATION

Article 260 The notification of the Company shall be sent by the following way:

(i) by hand;

(ii) by mail;

(iii) by fax or e-mail;

(iv) by publishing on the website of the Company or websites designated by the Hong Kong Stock Exchange, subject to the laws, administrative regulations and *Listing Rules*;

(v) by public announcement;

(vi) by other means prior agreed by the Company or recipients, or accepted by the recipients after their receipt of the notification; or

(vii) by other means recognized by the regulator of the place where the Company is listed or stipulated in this AOA.

Listing Rules, App 3 Para 7(1)

Article 261 Where the Company sends the notification to shareholders of Domestic Shares, public announcement shall be published on one or more newspapers and magazines designated by the State securities authorities. All the shareholders of

Domestic Shares are regarded as having received the notification if such announcement is published.

Article 262 The notifications, materials or written statements may be sent by the Company to each holder of overseas-listed Foreign Shares by mail to his or her registered address or by publishing on the website of the Company or websites designated by the Hong Kong Stock Exchange, subject to the laws, administrative regulations and *Listing Rules*.

In case of notification by means of public announcement in exercise of the powers stipulated in this AOA, such announcement shall be published on the newspapers or websites of the Hong Kong Stock Exchange.

In respect of joint shareholders, the Company may deliver the notifications, materials or other documents to one of them.

Article 263 In respect of shareholders who failed to provide the registered addresses or cannot be contacted due to mistakes and omissions of their addresses, relevant notifications shall be deemed as being received by such shareholders if the Company presents and keeps such notifications at the legal address of the Company for twenty-four (24) hours.

Article 264 The notification of the Company's shareholders' general meeting shall be in the form of public announcement.

Article 265 The notification of the Company's Board meeting shall be sent by hand or by mail.

Article 266 The notification of the Company's supervisory board meeting shall be sent by hand or by mail.

Article 267 Where the Company sends the notification by hand, the received person shall sign (seal) on the receipt of service. The signed date is regarded as the service date. Where the Company sends the notification by mail, the 3rd date from the delivery date to the post office is regarded as the service date. Where the Company sends the notification by public announcement, the first published date of the announcement is regarded as the service date.

SECTION 2 PUBLIC ANNOUNCEMENT

Article 268 Unless provided otherwise herein, the “public announcement” in this AOA shall be:

In respect of announcement to be sent to holders of Domestic Shares or to be published within the PRC as required by relevant regulations or this AOA, announcement published on the PRC newspapers (such newspapers shall be stipulated by local laws and regulations or designated/suggested by relevant securities authorities);

In respect of announcement to be sent to holders of overseas-listed Foreign Shares or in accordance with relevant regulations and this AOA to be sent to holders of overseas-listed Foreign Shares in Hong Kong or other countries or regions, announcement published on the designated websites or newspapers as required by laws and regulations of the relevant countries or regions (including advertisements published on the newspapers, as defined in the *Listing Rules*).

Listing Rules, App 3 Para 7(1)

Article 269 The Company shall not disclose information to other public media before first disclosing to the designated newspapers and websites, and shall not replace the form of public announcement by press release or answering reporters’ questions.

The Board shall be entitled to designate newspapers for information disclosure by the Company, as long as the designated newspapers meet the qualifications and

conditions stipulated by relevant laws, regulations, CSRC, regulatory authorities outside the PRC and stock exchanges within or outside the PRC.

CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE, DISSOLUTION AND LIQUIDATION

SECTION 1 MERGER, DIVISION AND CAPITAL INCREASE

Article 270 The merger or division of the Company shall require the preparation of a proposal by the Board. After such proposal has been adopted in accordance with the procedures specified in this AOA, relevant examination and approval procedures shall be carried out according to law. Shareholders that oppose to such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that are in favour of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Holders of overseas-listed Foreign Shares of companies that are listed in Hong Kong shall be served copies of the above-mentioned document in accordance with relevant provisions of Chapter 10.

Mandatory Provisions, Article 149

Article 271 Merger of the Company may take the form of merger by absorption and merger by new establishment.

When a company absorbs another company, it is merger by absorption, and the absorbed company shall be dissolved. When two or more companies merge to establish a new company, it is merger by new establishment, and all parties being merged shall be dissolved.

Mandatory Provisions, Article 150

Article 272 For merger of companies, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. The Company shall

notify its creditors within a period of ten (10) days from the date on which the merger resolution is passed and publish at least three newspaper announcements on *China Securities Journal*, *Shanghai Securities News* and *Securities Times* regarding the merger within thirty (30) days of that date. The creditors may, within thirty (30) days from the date on which they receive the written notification, or within forty-five (45) days from the date, on which the announcement is made in case of those who have not received the written notification, claim full repayment of their debts or provision of a corresponding guarantee by the Company.

Mandatory Provisions, Article 150

Article 273 Upon completion of the merger, the company that exists or the newly established company shall assume the creditors' rights and debts of the parties to the merger.

Mandatory Provisions, Article 150

Article 274 If the Company is to be divided, its property shall be divided accordingly.

For division of the Company, the Company shall prepare a balance sheet and a property list. The Company shall notify its creditors within a period of ten (10) days from the date on which the division resolution is passed and publish at least three newspaper announcements on *China Securities Journal*, *Shanghai Securities News* and *Securities Times* regarding the division within thirty (30) days of that date.

Mandatory Provisions, Article 151

Article 275 The companies in existence after the division shall assume the joint liability for the debts owed by the Company prior to the division except where the Company before the division and its creditors have otherwise reached a written agreement on repayment of the debts.

Mandatory Provisions, Article 151

Article 276 Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

Where the Company increases or reduces its registered capital, it shall apply to the company registry for registration of such changes according to law.

Mandatory Provisions, Article 152

SECTION 2 DISSOLUTION AND LIQUIDATION

Article 277 The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

(i) the term of business operation as prescribed in this AOA expires or other matters as prescribed in this AOA for dissolution occur;

(ii) a resolution for dissolution is passed at a shareholders' general meeting;

(iii) dissolution is necessary due to a merger or division of the Company;

(iv) the business license of the Company is revoked, the Company is ordered to close down or cancelled pursuant to law because of its violation of laws and administrative regulations; or

(v) where the Company is in serious difficulties in operations or management, and its continual existence will lead to substantial loss to the benefits of the shareholders and there are no other solutions to resolve the matters, the shareholders holding ten percent (10%) or above of the total voting rights of the Company may request to the People's Court for dissolution of the Company.

Mandatory Provisions, Article 153

Article 278 Where the Company finds itself in the conditions as prescribed in subparagraph (1) of the preceding article of this AOA, it may continue to exist through revision of this AOA.

In the above mentioned case, such a revision shall be subject to adoption by the shareholders present at the shareholders' general meeting, who hold more than two third (2/3) of the voting rights.

Article 279 Where the Company is to be dissolved pursuant to Item (1) or (2) of Article 277, it shall establish a liquidation committee within fifteen (15) days. The members of such liquidation committee shall be determined by the shareholders' general meeting by means of an ordinary resolution.

Where the Company is to be dissolved pursuant to Item (4) of Article 277, the people's court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Where the Company is to be dissolved pursuant to Item (5) of Article 277, the competent authorities shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Mandatory Provisions, Article 154

Article 280 Where the Board decides to liquidate the Company due to causes other than the declaration of insolvency, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay off its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board shall cease immediately. The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once a year to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article 281 The liquidation committee shall exercise the following functions and powers during liquidation:

- (i) thoroughly examine the property of the Company and prepare a balance sheet and property list respectively;
- (ii) notify creditors by a notice or public announcement;
- (iii) dispose of unfinished business of the Company in relation to the liquidation;
- (iv) pay off all outstanding taxes and taxes arising during the course of liquidation in full;
- (v) clear up creditors' rights and debts;
- (vi) dispose of the property left after full repayment of the Company's debts; and
- (vii) participate in civil litigation on behalf of the Company.

Article 282 The liquidation committee shall notify creditors within a period of ten (10) days from the date of its establishment and publish newspaper announcements on *China Securities Journal*, *Shanghai Securities News* and *Securities Times* regarding the liquidation within sixty (60) days. The creditors shall declare their creditors' rights to the liquidation committee within thirty (30) days from the date on which they receive the written notification, or within forty five (45) days from the date on which the public announcement is made, in the case of those who have not received such notification.

When declaring his or her creditors' rights, a creditor shall specify the matters in respect of each creditor's right, and provide supporting materials. Creditors' rights shall be registered by the liquidation committee.

During the period when creditors declare their creditors' rights, the liquidation committee shall not pay off the debts to them.

Article 283 After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list; it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or the people's court for confirmation.

After the Company pays off respectively the liquidation expenses, the wages of its staff, the social insurance premiums and the statutory compensations, as well as pays its tax arrears and clears up its debts in succession, the remaining property of the Company shall be distributed in proportion to the shares held by its shareholders.

During liquidation, the Company still exists but may not engage in business activities irrelevant to the liquidation. The property of the Company shall not be distributed to its shareholders before the Company has made the payments as specified in the provisions of the preceding paragraph.

Mandatory Provisions, Article 158

Article 284 After having thoroughly examined the Company's property and prepared a balance sheet and property list, if the liquidation committee discovers that the Company's property is insufficient to pay off its debts in full, it shall apply to the people's court for a declaration of bankruptcy according to law.

After the people's court has ruled to declare the Company bankrupt, the Company's liquidation committee shall refer the liquidation matters to the people's court.

Mandatory Provisions, Article 159

Article 285 Following the completion of liquidation, the liquidation committee shall prepare a liquidation report and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the people's court for confirmation.

Within thirty (30) days from the date of confirmation of the above-mentioned document by the shareholders' general meeting or the competent authorities, the liquidation committee shall deliver the same to the company registry, apply for

cancellation of the Company's registration and publicly announce the Company's termination.

Mandatory Provisions, Article 160

Article 286 Members of a liquidation committee shall be devoted to their duties and perform their liquidation obligations according to law.

Members of a liquidation committee shall not take advantage of their functions and powers to accept bribes or other illegal income, or to take illegal possession of the property of the Company.

Where a member of the liquidation committee causes losses to the Company or its creditors intentionally or through gross negligence, he or she shall be liable for compensation.

Article 287 Where the Company is declared bankrupt according to law, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.

CHAPTER 12 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 288 The Company shall amend this AOA if any of the following circumstances occur:

(i) after the revision of the *Company Law*, relevant laws or administrative regulations, the provisions of this AOA conflict with the revised laws or administrative regulations;

(ii) where the Company's situation changes, thus causes the inconsistency with the matters recorded in this AOA; or

(iii) revision of this AOA as decided by the shareholders' general meeting.

Mandatory Provisions, Article 161

Article 289 Amendments to these AOA involving the contents of the *Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas Listing* (the “**Mandatory Provisions**”) shall become effective upon receipt of approvals from the securities authority of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

Mandatory Provisions, Article 162

Article 290 The Board shall revise this AOA in accordance with the resolution of the shareholders’ general meeting regarding the revision of AOA and the approval opinion from the competent authorities.

Article 291 Where the provisions to be revised in this AOA concern the information required to be disclosed by laws and regulations, such changes, in accordance with laws or regulations, shall be announced.

CHAPTER 13 DISPUTE RESOLUTION

Article 292 Unless otherwise provided in this AOA, the Company shall follow the rules for dispute resolution mentioned below:

(i) Whenever any disputes or claims arise between: holders of the overseas-listed Foreign Shares and the Company; holders of the overseas-listed Foreign Shares and the Company’s directors, supervisors, president or any other member of the senior management; or holders of the overseas-listed Foreign Shares and holders of Domestic Shares, in respect of any rights or obligations under this AOA, the *Company Law*, and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim referred to in the preceding paragraph is referred to arbitration, such claim or dispute must be referred to arbitration in whole, and all persons who have a cause of action based on the same facts giving rise to the dispute

or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholder, director, supervisor, president, or any other member of the senior management of the Company, comply with the arbitration.

Disputes in respect of the definition of shareholders and disputes in relation to the share register may not be resolved by arbitration.

(ii) A claimant may elect for arbitration to be carried out at either China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of Hong Kong International Arbitration Centre.

(iii) If any disputes or claims are settled by means of arbitration in accordance with sub-paragraph (i) of this Article, the laws of the PRC shall apply, save as otherwise provided in laws and administrative regulations.

(iv) The award of an arbitral body shall be final and conclusive and binding on all parties.

Mandatory Provisions, Article 163

CHAPTER 14 SUPPLEMENTARY PROVISIONS

Article 293 Definitions:

(i) a "controlling shareholder" means a person as defined in article 64 of this AOA.

(ii) a "*de facto* controller" means a person who is able to practically control the behaviour of the Company through investment relations, agreements or other arrangements, although the person is not a shareholder of the Company.

(iii) “connected relationships” means the relations between the controlling shareholder, *de facto* controllers, directors, supervisors, the president and other members of the senior management of the Company with the enterprises which are directly or indirectly under the control of the Company, and other relations which may lead to transfer of the Company’s interests. However, connected relationships do not exist among the companies controlled by the State although their shares are held by the State in common.

(iv) a “controlled subsidiary” means a subsidiary, more than fifty percent (50%) shares of which are held by the Company, or more than half of directors of which can be decided by the Company, or under the actual control of the Company by means of agreement or other arrangement.

“Control” means in accordance with this AOA or the agreement, to control a company’s financial and operating decisions.

(v) “daily operating actions” means for the purpose of meeting business goals of the Company and its controlled subsidiaries, the purchase and sale of products and services, the receipt and payment of relevant amount of money within the scope of business, the bank loans and relevant repayment within the approved budget quota, and other actions essentially falling into the normal scope of business of the Company.

(vi) “asset disposals” means actions including without limitation the purchase or sale of assets or business, entrusting or being entrusted to manage assets, business, financial products and financial derivative products, endowing or being endowed with assets, leasing or renting out assets, making investment to establish legal entities, purchase of legal entities or subscribing for shares issued by legal entities, trust management of funds or entrustment loans, licensing or being licensed to use assets, disposing of creditors’ rights and debts, capital increase and deduction of the controlled subsidiaries or subsidiaries in which it holds minority equity interests.

(vii) “material asset disposals” means one of the following actions:

1. the total assets involved in an asset disposal transaction are up to twenty percent (20%) or more of the most recent audited total assets of the Company;

2. the purchase price of an asset disposal transaction is up to twenty percent (20%) or more of the most recent audited net assets of the Company;

3. the profit arising from an asset disposal transaction is up to twenty percent (20%) or more of the most recent audited net profit of the Company;

4. the revenue for the most recent fiscal year of the target of an asset disposal transaction is up to twenty percent (20%) or more of the most recent audited revenue of the Company;

5. the net profit for the most recent fiscal year of the target of an asset disposal transaction is up to twenty percent (20%) or more of the most recent audited net profit of the Company;

6. the purchase price of an asset disposal transaction is up to twenty-five percent (25%) or more of the Company's average market value for the five (5) working days before the transaction date;

7. the consideration of an asset disposal transaction is the shares issued by the Company, the par value of which is up to twenty-five percent (25%) or more of the total par value of the issued share capital of the Company before the transaction; or

8. if provided otherwise by the relevant laws and regulations, such laws and regulations shall be complied with.

If the Company and its controlled subsidiaries are endowed with assets in cash, or the debts due from them are simply reduced or cancelled, such circumstances do not fall within the category of material asset disposals.

(viii) "external guarantees" means the Company and its controlled subsidiaries use their credit to provide external security in accordance with the *Security Law of the PRC*, externally mortgage the properties as stipulated in the *Security Law of the PRC*, externally pledge the chattels or rights as stipulated in the *Security Law of the PRC*, and undertake to creditors or beneficiaries that if the debtor fails to repay the debts in accordance with the agreement, the guarantor shall undertake the repayment obligation. The above-mentioned actions include without limitation providing security for any third party by the Company, providing security for the controlled subsidiaries

by the Company, providing security for the Company by the controlled subsidiaries, and providing security for one controlled subsidiary by another.

(ix) The audited financial indicators used as the reference standard in this AOA shall take the perspective of consolidated financial statements.

Article 294 The Board may, in accordance with this AOA, formulate detailed rules of this AOA, which shall not conflict with the provision of this AOA.

Article 295 This AOA shall be written in Chinese. In the event of any discrepancy between this AOA in other languages or other versions of this AOA and this AOA, the most recent Chinese version registered with Shanghai Administration of Industry and Commerce shall prevail.

Article 296 The terms “no less than”, “within” and “no more than” referred to in this AOA include the number itself. The terms “over”, “less than”, “more than”, “below” and “above” do not include the number itself.

Article 297 The term “accounting firm” as used in this AOA shall have the same meaning as “auditor”.

Mandatory Provisions, Article 165

Article 298 This AOA shall be explained by the Board of the Company, and amended by the shareholders’ general meeting.

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Shanghai Pharmaceuticals Holding Co., Ltd.

28th June, 2016

RULES OF PROCEDURE OF THE SHAREHOLDERS’

GENERAL MEETING OF SHANGHAI

PHARMACEUTICALS HOLDING CO., LTD.

SECTION 1 GENERAL PROVISION

Article 1 These rules of procedure (the “**Rules**”) are formulated pursuant to the provisions of the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, the *Rules of Shareholders’ General Meeting of the Listed Companies*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and the *Articles of Association of Shanghai Pharmaceuticals Holding Co., Ltd.* (the “**AOA**”), for the purpose of regulating the activities of Shanghai Pharmaceuticals Holding Co., Ltd. (the “**Company**”), and ensuring that the shareholders’ general meeting shall perform its duties and exercise its powers according to law.

Article 2 The Company shall hold the shareholders’ general meeting strictly in accordance with laws, administrative regulations, the AOA and these Rules so as to ensure that the shareholders shall perform its duties and exercise its and powers according to law.

Article 3 The Board shall perform its duties carefully, and organize the shareholders’ general meeting in time. Directors of the Company shall act with due diligence, ensure the shareholders’ general meeting shall be held regularly and exercise the functions and powers according to law.

SECTION 2 GENERAL PROVISIONS FOR THE SHAREHOLDERS’ GENERAL MEETING

Article 4 The shareholders’ general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to law:

- (i) decide on the business policies and investment plans of the Company;

(ii) elect and replace directors and supervisors who are to be appointed from among the non-staff representatives, and decide on matters concerning the remuneration of directors and supervisors;

(iii) examine and approve reports of the Board;

(iv) examine and approve reports of the supervisory board;

(v) examine and approve the Company's annual financial budget and final account proposals;

(vi) examine and approve the Company's plans for profit distribution and making up losses;

(vii) pass resolutions concerning the increase or decrease of the Company's registered capital;

(viii) pass resolutions concerning the issuance of debentures by the Company;

(ix) pass resolutions on matters such as the merger, division, dissolution, liquidation or change of forms of the Company;

(x) amend the AOA;

(xi) pass resolutions on retaining, dismissing or ceasing to retain accounting firms by the Company;

(xii) to examine and approve external guarantees stipulated by these Rules;

(xiii) to examine disposals of material assets other than ordinary operations of the Company and its controlling subsidiaries (except for disposals of assets between the Company and its controlling subsidiaries, or among its controlling subsidiaries);

(xiv) to examine and approve the change of usage of raised capital;

(xv) to examine the share incentive plan;

(xvi) to examine the connected transaction between the Company and its connected parties, which amount is above RMB 30,000,000 and more than 5% of the Company's most recently audited net assets (if an approval of connected transaction is required under relevant regulations of the place where the Company's shares are listed, such regulations shall be applied);

(xvii) examine the motions raised by the shareholders representing 3% or more of the Company's voting shares; and

(xviii) other matters that laws, administrative regulations, departmental rules, relevant regulations of the securities authorities of the place where the Company's Shares are listed and the AOA require to be resolved by the shareholders' general meeting.

In respect of matters to be resolved by the shareholders' general meeting in accordance with laws, administrative regulations and the AOA, the shareholders' general meeting shall examine such matters in order to protect its decision-making right for such matters. To the extent reasonably necessary, in respect of relevant specific matters in relation to matters to be resolved but unable to make immediate decision by the shareholders' general meeting, the shareholders' general meeting may, to the extent permitted under relevant laws, regulations and the AOA, authorize the Board to make a decision within the scope of authority granted by the Shareholders Meeting.

Article 5 The following external guarantees to be provided by the Company and its controlled subsidiaries shall be approved by the shareholders' general meetings:

(i) any single guarantee which amounts to more than ten percent (10%) of the Company's audited net assets in the latest period;

(ii) any guarantee provided after the external guarantee balance of the Company and its controlled subsidiaries exceeds forty percent (40%) of the Company's audited net assets in the latest period;

(iii) any guarantee provided to the guaranteed party whose debt asset ratio exceeds seventy percent (70%);

(iv) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;

(v) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of fifty percent (50%) of the

Company's audited net assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;

(vi) any guarantee which shall be approved by the shareholders' general meeting under the laws, regulations, listing rules of related stock exchanges and the AOA.

The Company and its controlled subsidiaries shall not provide any guarantee to their shareholders, *de facto* controller and affiliates, except those between the Company and its controlled subsidiaries or among its controlled subsidiaries.

Article 6 Shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings are held once (1) every year and within six (6) months from the end of the preceding financial year.

Article 7 Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two (2) months of the date of occurrence:

(i) when the number of directors is less than the number of directors required by the Company Law or two-thirds of the number of directors specified in the AOA;

(ii) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-in share capital;

(iii) when shareholder(s), individually or in the aggregate, holding 10% or more of the Company's issued and outstanding Shares carrying voting rights request(s) the convening of an extraordinary general meeting;

(iv) when deemed necessary by the Board;

(v) at the request of the supervisory board; or

(vi) other circumstances as prescribed in the laws, administrative regulations, departmental rules or the AOA.

Article 8 If the Company cannot hold the shareholders' general meeting during the above-mentioned period of time, it shall report to the local branch of CSRC and stock exchanges of its place of incorporation explain the reasons and make the public announcement.

Article 9 The Company shall hold the shareholders' general meeting at the Company's domicile or other places designated in the notice of the shareholders' general meeting.

The shareholders' general meeting shall be held at a meeting place in the form of on-site meeting. The company may provide convenience for shareholders attending the shareholders' general meeting by means of a safe, economic and convenient on-line facility or otherwise. Shareholders attending the shareholders' general meeting by using the above-mentioned facility shall be deemed present in person at the meeting.

Article 10 When convening the shareholders' general meeting, the Company shall retain legal counsels to issue legal opinion on the following matters and make the public announcement:

(i) whether the convening and holding procedures of the meeting are in compliance with laws, administrative regulations, the AOA and these Rules;

(ii) whether the qualifications of persons attending the meeting and the convener are legitimate and valid;

(iii) whether the procedure and result of the voting are legitimate and valid;

(iv) legal opinion provided on other relevant matters as required by the Company.

SECTION 3 THE CONVENTION OF THE SHAREHOLDERS' GENERAL MEETING

Article 11 The Board shall convene the shareholders' general meeting in time in accordance with the AOA and these Rules.

Article 12 More than 1/2 independent directors has the right to propose to the Board to convene extraordinary shareholders' general meeting. For such proposal made by the independent directors, based on provisions of laws, administrative

regulations and the AOA, the Board shall give a written feedback, whether the convention is approved or not, within 10 days from the receiving date.

Where the convention is approved, notification about the convention shall be sent within 5 days from the resolution date; when the convention is not approved, explanation shall be provided and publicly announced.

Article 13 The supervisory board has the right to propose, in writing, to the Board to convene extraordinary shareholders' general meeting. Based on provisions of laws, administrative regulations and the AOA, the Board shall give a written feedback, whether the convention is approved or not, within 10 days from the receiving date.

Where the convention is approved, notification about the convention shall be sent within 5 days from the resolution date; if there is any change to the original proposal in such notice, approval from the supervisory board in advance is necessary.

Where the convention is not approved, or no feedback is provided in 10 days, it shall be regarded as the Board cannot perform or fails to perform the duty of convening the shareholders' general meeting. The supervisory board itself can convene and chair the shareholders' general meeting.

Article 14 Shareholders requesting the convening of an extraordinary shareholders' general meeting or a meeting of shareholders of different classes shall proceed in accordance with the procedures set forth below:

Shareholders who individually or in the aggregate hold 10% or more of shares of the Company may request the Board to convene an extraordinary shareholders' general meeting and such request shall be in written form. Based on provisions of laws, administrative regulations and the AOA, the Board shall give a written feedback as to whether the convention is approved or not, within 10 days from the receiving date.

Where the convention is approved by the Board, notification about the convention shall be sent within 5 days from the resolution date; if there is any change to the original request, approval from relevant shareholders in advance is necessary.

Where the convention is not approved by the Board, or no feedback is provided in 10 days, shareholders who individually or in the aggregate hold 10% or more of shares have the right to propose, in writing, to the supervisory board to convene extraordinary shareholders' general meeting.

Where the convention is approved by the supervisory board, notification to the convention shall be sent within 5 days from the resolution date; if there is any change about the original proposal, approval from relevant shareholders in advance is necessary.

Where the supervisory board does not send the notification of convention before the deadline, it shall be regarded as it will neither convene nor chair the shareholders' general meeting. Shareholders who individually or in the aggregate hold 10% or more of shares for 90 or more consecutive days can convene and chair the shareholders' general meeting by themselves, and the procedure of which shall be the same as the procedure of the shareholders' general meeting convened by the Board if possible.

Where shareholders convene and hold a meeting by themselves because the Board failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

Article 15 When the supervisory board or shareholders decides to convene the shareholders' general meeting by themselves, they shall notify the Board in the written form and file with the local branch of CSRC and stock exchange of the place where the Company is located.

In respect of the shareholders' general meeting convened and chaired by the shareholders, the shareholding percentage of shareholders convening the meeting shall be not less than 10% before the public announcement of the resolution of the shareholders' general meeting.

In respect of the shareholders' general meeting convened and chaired by the shareholders, shareholders convening the meeting shall send the notification of convention and the public announcement of the resolution of the shareholders' general meeting as well as submit relevant documentation to the local branch of CSRC and stock exchange of the place where the Company is located simultaneously.

Article 16 Where the shareholders' general meeting is convened by the supervisory board or shareholders, the Board and the secretary to the Board shall cooperate with them. The Board shall provide the share register as of the date of equity registration.

Article 17 Where the shareholders' general meeting is convened by the supervisory board or shareholders, relevant expenses shall be borne by the Company.

SECTION 4 PROPOSALS AND NOTIFICATION OF THE SHAREHOLDERS' GENERAL MEETING

Article 18 When the Company convenes a shareholders' general meeting, written notice of the general meeting shall be given twenty (20) days (exclusive of the date of the notice and the meeting) before the date of the meeting, written notice of the extraordinary general meeting shall be given fifteen (15) days (exclusive of the date of the notice and the meeting) before the date of the extraordinary general meeting, to notify all of the shareholders in the share register of the matters to be considered and the date and the place of the meeting.

A shareholder who intends to attend the meeting shall deliver his/her written reply concerning the attendance of the meeting to the Company ten (10) days (exclusive of the date of the notice and the meeting) before the date of the meeting.

When calculating the starting date and ending date by the Company, the date when the meeting is held shall be excluded.

Article 19 The content of motions shall fall within the scope of responsibility of the shareholders' general meeting and shall contain clear subjects for discussion and specific matters to be resolved and shall comply with relevant provisions of the laws, administrative regulations and the relevant rules of the securities authorities of the place where the Company is listed and the AOA.

Article 20 When the Company is to hold a shareholders' general meeting, the Board, the supervisory board and shareholders who individually or in the aggregate hold 3% or more of Shares of the Company shall be entitled to propose new motions to the Company. The Company shall include in the agenda for the meeting the matters in the motions that fall within the scope of responsibility of the shareholders' general meeting.

Shareholders who individually or in the aggregate hold 3% or more of Shares may raise interim motions and submit them in writing to the convenor ten (10) days before the holding of the shareholders' general meeting. The convenor shall issue a supplementary notice within 2 days from receipt of such motions to announce the content of interim motions.

In addition to the circumstance in the preceding paragraph, the convenor shall not revise the existing proposals in the notification or add new proposals after the notification of shareholders' general meeting is sent.

A shareholders' general meeting shall not vote and make resolution on those matters which are not stated in the notice of meeting or not in compliance with the preceding paragraph.

Article 21 The Company shall, based on the written replies received ten (10) days before the date of the shareholders' general meeting, calculate the number of voting Shares represented by shareholders who intend to attend the meeting. If the number of voting Shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company's total voting Shares, the Company may hold the meeting. If not, then the Company shall within five (5) days

notify the shareholders again by public announcement of the matters to be reviewed, the place and the date for the meeting. The Company may hold the meeting after such announcement.

Interim shareholders' meeting may not decide on matters not specified in such announcement.

Article 22 A notice of meeting of shareholders shall be:

- (i) provided in writing;
- (ii) set out the share registration date of shareholders who are entitled to attend the meeting;
- (iii) specify the time, place and duration of the meeting;
- (iv) state the matters and motions to be reviewed at the meeting;
- (v) provide such information and explanations as are necessary for the shareholders to make well-informed decision on the matters to be reviewed, which principle includes among other things that, upon making a proposal for the Company to proceed with merger, repurchase of Shares, restructuring of share capital or otherwise, the specific terms of the proposed transaction must be provided together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (vi) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, the president or any other member of the senior management in the transaction proposed and the impact of the proposed transaction on them in their capacity as shareholders in so far as it is different from the impact on other shareholders of the same class;
- (vii) contain the full text of any special resolution proposed to be adopted at the meeting;
- (viii) contain a clear statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on behalf of him/her and that such proxy need not be a shareholder;
- (ix) specify the registration date of Shares held by each shareholder entitled to

attend the shareholders' general meeting;

(x) specify the time and place for delivering the authorisation in writing for voting at the relevant meeting;

(xi) state the names and telephone numbers of the contact persons for the meeting; and

(xii) to the extent that a shareholders' general meeting is to be held via on-line facility or otherwise, the voting time and procedures shall be specified in the meeting notice.

Article 23 Notice of shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the share register.

For the holders of Domestic Shares, notice of the meetings may be issued by means of public announcement.

The announcement mentioned in the preceding paragraph shall be published in one or more newspapers designated by the securities supervisory authority of the State Council. After the announcement, all holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. Notice of shareholders' general meeting shall be served on the shareholders of H Shares, by publication on the website of Hong Kong Stock Exchange, or one or more designated newspapers. After the publication of such notice, all holders of H Shares shall be deemed to have received the notice of relevant shareholders' general meeting.

Article 24 The accidental omission to give notice of a meeting to, or failure to receive such notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolution adopted thereat.

Any shareholder entitled to attend and vote at a shareholders' meeting of the Company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his/her proxy to attend and vote on his/her behalf, and such proxy so appointed shall be entitled to:

- (i) speak at the meeting on behalf of the shareholder;
- (ii) individually or join with others to request taking a vote by poll; and
- (iii) vote by hand or by poll, except that where more than one person is appointed as a proxy of a shareholder, they can only vote by poll.

Article 25 A proxy of shareholder shall be designated in writing under the hand of the principal or his attorney duly authorized in writing, or if the principal is a legal person, either under seal or under the hand of a director or a duly appointed attorney or person. The power of attorney shall denote the number of Shares represented by the proxy on behalf of the shareholder. In the event that the principal appoints more than one proxy, the power of attorney shall denote the number of Shares respectively represented by each proxy on behalf of the shareholder.

Article 26 Where the shareholders' general meeting discusses the election issues of directors and supervisors, the notice of shareholders' general meeting shall fully disclose the detailed information about the directors and supervisor candidates, at least including the following contents:

- (i) education background, work experience, part-time jobs and other personal information;
- (ii) whether they are affiliated with the Company, the controlling shareholder or *de facto* controller of the Company;
- (iii) the number of the Company's shares held by them; and
- (iv) whether they have been punished by CSRC or other competent authorities or whether stock exchange has taken any disciplinary action against them.

In addition to the election of directors and supervisors through cumulative voting system, each candidate of directors or supervisors shall be submitted by single proposal.

Article 27 After sending the notification, without proper reasons, the shareholders' general meeting shall not be postponed or cancelled, nor shall the

proposals set out in the notification be cancelled. Where postponing or cancelling situations occur, the convener shall make public announcement and explain the reasons at least 2 working days before the original convening date.

SECTION 5 HOLDING OF THE SHAREHOLDERS' GENERAL MEETING

Article 28 The Board and other conveners shall take necessary measures to ensure the orderliness of the shareholders' general meeting. Those behaviours, which interferes with shareholders' general meeting, disturbs social order or violates the legitimate rights and interests of shareholders, shall be taken measures to stop and reported to the relevant authorities to investigate and punish.

Article 29 All the shareholders recorded on the share register on the date of record and their proxies shall have the right to attend the shareholders' general meeting and excise the voting right in accordance with laws, regulations and these AOA.

Shareholders may attend shareholders' general meeting by themselves, or authorize proxies to attend the shareholders' general meeting and excise the voting right.

Article 30 Natural person shareholder, who attends the shareholders' general meeting by himself or herself, shall show his or her identity card or other certificate, proof or share certificate account card which can demonstrate his or her identity. Where the proxy of a shareholder attends the shareholders' general meeting, he or she shall show his or her valid identity certificate and a power of attorney from the shareholder.

For legal person shareholder, its legal representative or the proxy of legal representative shall attend the shareholders' general meeting. Where the legal representative attends the shareholders' general meeting, he or she shall show his or her identity card and valid proof, which can demonstrates his or her sending as a legal person; where the proxy attends the shareholders' general meeting, he or she shall

show his or her identity card and a power of attorney in written form signed by the legal representative of the legal-person shareholder in accordance with law.

Article 31 The instrument appointing a voting proxy shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy proposes to vote or the time specified for the vote.

If the appointer is a legal person, its legal representative or such person as is authorized by resolution of its Board or other governing body to act as its representative may attend at any meeting of shareholders of the Company as a representative of the appointer.

If the shareholder is a recognized clearing house (or its proxy) as defined by relevant ordinance enacted by Hong Kong from time to time, the shareholder shall authorize one or more person acted as its representative on any shareholders' general meeting or any class meeting. If more than one person is authorized by the shareholder, the power of attorney shall specify the number and class of shares each person represents due to the authorization. The authorized person shall act as the representative of the recognized clearing house (or its proxy) and exercise its right as if he or she is an individual shareholder of the Company.

Article 32 A power of attorney issued by the shareholder to authorize others to attend the shareholders' general meeting shall specify the following contents:

- (i) the name of the proxy;
- (ii) whether he or she has the voting right;
- (iii) directions to vote for, vote against or abstain each proposal listed in the shareholders' general meeting agenda;
- (iv) issuing date and valid period of the power of attorney; and
- (v) appointer's signature (seal). Where the appointer is a legal person shareholder, the seal of the legal person shareholder is necessary.

Article 33 The form of any power of attorney issued to a shareholder by the Board for use by him/her for appointing a proxy shall be such as to enable the shareholder to freely choose between instructing the proxy to vote for or against any issue and indicate the matters under each topic on the agenda to be voted at the meeting. Such a power of attorney shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

Article 34 A vote given in accordance with a proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that no notice in writing of the aforesaid has been received by the Company before the meeting in question.

Article 35 The attendance register of a shareholders' general meeting shall be prepared by the Company. Such attendance register shall record the name of the attendees (or the name of their organizations), the number of their identity cards, the address of their domicile, the number of voting shares held or represented, the name of the principals (or the name of the organizations) and other matters.

Article 36 The convener and counsels retained by the Company shall verify legitimacy of the shareholder's qualification in accordance with the share register provided by the securities registration and settlement institution, and register the names (or the denomination) of the shareholders and the total number of the voting shares held by them. The registration of the meeting shall be terminated before the chairperson makes an announcement of the numbers of the shareholders and proxies present the meeting and the voting shares by them.

Article 37 When the shareholders' general meeting is held, all the directors, supervisors and the secretary to the Board shall attend the meeting, the president and

other members of the senior management shall attend the meeting without voting rights.

Article 38 Shareholders' general meeting shall be convened and presided over by the chairperson of the Board. Where the chairperson of the Board cannot attend such a meeting for any reason, the meeting shall be convened and presided over by the (a) vice chairperson of the Board. Where both the chairperson and the vice chairperson of the Board (or vice chairmen of the Board) are unable to attend the meeting, the Board may designate a director of the Company to convene and preside over the meeting on its behalf. Where no chairperson is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairperson, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

The shareholders' general meeting convened by the supervisory board shall be presided over by the chairperson of the supervisory board. Where the chairperson of the supervisory board cannot perform his or her duty or fails to do so, the meeting shall be chaired by a supervisor jointly elected by more than half of the supervisors.

The shareholders' general meeting convened by shareholders shall be chaired by a representative elected by the conveners.

When the shareholders' general meeting is held, if the chairperson violates the rules of procedure of the shareholders' general meeting so that the shareholders' general meeting cannot proceed, one person maybe elected to be the chairperson upon approval by more than half of all the shareholders present at the meeting so that the shareholders' general meeting will not be suspended.

Article 39 At the annual shareholders' general meeting, the Board and the supervisory board shall report to the shareholders' general meeting on their work of last year. Each independent director shall also report to the shareholders' general meeting on his performance.

Article 40 directors, supervisors, the president and other members of the senior management shall make explanation and clarification to the inquiries mad by shareholders at the shareholders' general meeting.

Article 41 The chairperson of the shareholders' general meeting shall announce the total number of shareholders and proxies present at the meeting and the voting shares held by them. The total number of shareholders and proxies attending the meeting in person and the voting shares held by them shall be subject to registration for the meeting.

Article 42 The shareholders' general meeting shall be recorded as minutes, which shall be under the charge of the secretary to the Board. The minutes shall be recorded including the following contents:

- (i) time, venue, agenda, and the name or title of the convener;
- (ii) names of the moderator as well as the directors, supervisors, the president and other members of the senior management attending the meeting, whether on a voting basis or on a non-voting basis;
- (iii) number of the shareholders and proxies present at the meeting and proportion of shares with voting rights held by the shareholders and proxies present inthe total number of shares;
- (iv) consideration process, speech essence and voting results of each proposal;
- (v) inquiring opinions or advices from shareholders and corresponding answers or explanation;
- (vi) names of the counsels, teller and scrutineer; and
- (vii) other contents, which shall be recorded into the minutes according to the AOA.

Article 43 The convener of the shareholders' general meeting shall ensure the content of the minutes are true, accurate and complete. The directors, supervisors,

secretary to the Board, convener or his/her representative, and the moderator shall sign on the minutes. Minutes shall be kept with the signed register of shareholders present, power of attorney, and valid documents about online voting or voting in any other form. A complete set of copies of minutes shall also be available in the Hong Kong office of the Company. The preservation period shall be more than 10 years.

Article 44 The convener shall ensure the shareholders' general meeting to be consecutively held till the final resolution. Where the shareholders' general meeting is suspended or fails to reach a resolution because of force majeure or other special reasons, necessary measures shall be taken to restore the meeting or directly terminate it as soon as possible and immediate public announcement shall also be made. Meanwhile, the convener shall report to the local office of CSRC and stock exchange where the Company is located.

SECTION 6 VOTING AND RESOLUTIONS OF THE SHAREHOLDERS' GENERAL MEETING

Article 45 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted by the shareholders (including proxies) with more than half of the voting rights present at the meeting.

A special resolution shall be adopted by the shareholders (including proxies) with more than two-thirds of the voting rights present at the meeting.

Article 46 Shareholders (including proxies) shall exercise their voting rights in proportion to the numbers of voting rights that they respectively represent. Each share shall carry one voting right.

Shares held by the Company carry no voting right. Such shares shall not be included into the number of voting rights present at the shareholders' general meeting.

The Board, independent directors and eligible shareholders may solicit for the shareholders' rights to vote.

No payments shall be made to the shareholders for such solicitation, and adequate information shall be provided to persons whose voting rights are being solicited.

In case any shareholder is required to abstain from voting in respect of certain matters or restricted to vote for or vote against certain matters in accordance with relevant laws and regulations or the *Listing Rules*, if the shareholder violates any relevant provision or restriction, the votes cast by such shareholder or its prox shall not be included.

Article 47 At any general meeting of shareholders a resolution shall be decided by a show of hands unless a poll is (before or after any vote by show of hands) demanded by the *Listing Rules* or:

- (i) by the chairperson of the meeting;
- (ii) by at least two shareholders entitled to vote present in person or by proxy; or
- (iii) by one or more shareholders present in person or by proxy and representing more than 10% of all Shares carrying the right to vote at the meeting.

Unless a poll is demanded by the Hong Kong Listing Rules or by any person, a declaration by the chairperson that a resolution has been passed by a show of hands shall be required and be recorded in the minutes of the meeting as final evidence that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who makes such demand.

Article 48 A poll demanded on the election of the chairperson of the meeting, or on an issue of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other issue shall be taken at such time as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 49 On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.

Article 50 In the case of equality between votes for and votes against, whether on a show of hands or on a poll, the chairperson of the meeting shall have a casting vote.

Article 51 The following matters shall be adopted by an ordinary resolution at a shareholders' general meeting:

- (i) work reports of the Board and the supervisory board;
- (ii) plans formulated by the Board for distribution of profits and for making up losses;
- (iii) appointment and removal of the members of the Board and members of the supervisory board, their remuneration and method of payment;
- (iv) annual budgets and final accounts of the Company;
- (v) balance sheets and profit and loss accounts and other financial statements and annual reports of the Company; and
- (vi) matters other than those which are required by the laws and administrative regulations or by the AOA to be adopted by a special resolution.

Article 52 The following matters shall be adopted by a special resolution at a shareholders' general meeting:

- (i) the increase or reduction of registered capital of the Company;
- (ii) the repurchase by the Company of its own Shares and the issue of Shares of any class, warrants and other similar securities;
- (iii) the division, merger, dissolution, liquidation of the Company;
- (iv) amendments to the AOA;
- (v) any asset disposal by the Company and its controlled subsidiaries (other than those arising out of daily operating action, and excluding those between the Company

and its controlled subsidiaries or between the Company's controlled subsidiaries), the aggregate asset amount or transaction amount of which exceeds thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months, whether the subjects of transactions are related or not;

(vi) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;

(vii) any share incentive scheme;

(viii) any issuance of corporate bonds; and

(ix) any other matters stipulated by law, administrative regulations or the AOA, and matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

Article 53 Where any matter on a connected transaction is considered at the shareholders' general meeting, the connected shareholders shall avoid voting, whose shares shall not be included in the total number of valid shares. The public announcement of resolutions of shareholders' general meeting shall fully disclose the votes cast by non-connected shareholders.

The avoiding and voting procedures of connected shareholders shall be as follows:

(i) where any matter on a connected transaction is considered at the shareholders' general meeting, the moderator shall announce the names of relevant connected shareholders, total number of voting shares held by non-connected shareholders and the proportion of such shares in the total shares of the Company.

(ii) connected shareholders shall propose to avoid and abstain from voting before the Board, and the moderator shall require connected shareholders to avoid and abstain from voting.

(iii) if the chairperson of the Board attends the shareholders' general meeting as the proxy of a connected shareholder, he or she shall authorize the vice-chairperson or any other director to chair the meeting when the matter on connected transaction is considered or voted.

(iv) if connected shareholders object the decision of the convener, they shall have the right to report to the relevant competent securities authority and petition the people's court to render a ruling in respect of whether they are connected or whether they have voting rights (if involving shareholders of Foreign Shares, rules for dispute resolution in the AOA shall be applied). Before the final valid ruling given by securities authority, the people's court or other competent authorities, the above-mentioned shareholders shall not vote and voting shares represented by them shall not be included.

(v) Connected shareholders required to avoid voting may participate in the discussion of any connected transaction involving them, and make explanations and descriptions to the shareholders' general meeting in respect of matters such as the cause, basic information of such connected transaction and whether the connected transaction is fair or legitimate.

Article 54 The Company shall, subject to ensuring the shareholders' general meeting to be held is legitimate and valid, provide network or any other modern IT means to facilitate the shareholders to attend the meeting.

Article 55 Candidate lists of directors and supervisors shall be submitted to the shareholders' general meeting in the form of proposal. The way and procedure of nomination of directors or supervisors shall be as follows:

(i) the Board and the supervisory board may submit the candidate of directors or non-staff supervisors respectively. One or more shareholders individually or jointly holding 5 percent or more existing shares of the Company has the right to submit the candidate of directors or non-staff supervisors.

(ii) staff representative of the supervisory board shall be chosen through the staff and workers' congress, the staff and workers' assembly or other forms of democratic elections.

(iii) the way and procedure of nomination of independent directors shall be executed in accordance with laws, administrative regulations and departmental rules.

When election of the directors and supervisors is voted at the shareholders' general meeting, in accordance with the provisions of the AOA or the resolution of shareholders' general meeting, the cumulative voting system is applicable.

The above mentioned cumulative voting system means that each share shall have the same voting right as the number of directors or supervisors to be elected, when election of directors or supervisors is voted at the shareholders' general meeting. The voting right held by shareholders may be used collectively. The Board shall make public announcement on the resume and basic information of the candidates of directors and supervisors.

Article 56 In addition to cumulative voting system, the shareholders' general meeting shall vote on all the proposals one after another. Where there are different proposals on the same matter, the proposals shall be voted in accordance with chronological order. In addition to the situation that the shareholders' general meeting is suspended or fails to reach a resolution because of force majeure or other special reasons, the shareholders' general meeting shall not suspend proposals or avoid voting process.

Article 57 Where proposals are examined and discussed at a shareholders' general meeting, it shall not be revised. Otherwise the relevant change shall be regarded as a new proposal, which may not be voted at the same meeting.

Article 58 The on-site shareholders' general meeting shall not be terminated earlier than the meeting held online or in any other form. The moderator shall

announce the voting situation and result of each proposal on site, and whether the proposal is approved or not in accordance with the voting result.

Before the official announcement of the voting result, the Company, the teller, the scrutineer, major shareholders, online service provider and other related parties concerned in shareholders' general meeting site, network and other voting means shall undertake confidentiality obligation regarding voting situation.

Article 59 Shareholders present at a shareholders' general meeting shall express one of the following comments on the submitted proposals: agree, oppose or abstain.

Votes without filling, wrongly filled, unable to identify or not cast shall be deemed as absentionabstention by the voter. Voting result of shares held by the voter shall be counted as "absentionabstention".

Article 60 The chairperson of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

Article 61 If the chairperson of the meeting has any doubts about the result of a resolution put to the vote, he may count the number of votes cast. If the chairperson of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairperson of the meeting shall have the right to request counting of votes immediately after such announcement, the chairperson of the meeting shall immediately count the votes.

Article 62 If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

The minutes of the meeting, along with the attendance records signed by the attending shareholders and proxies, shall be kept at the Company's domicile.

Article 63 Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven days of receiving payment of reasonable charges.

Article 64 Public announcement for resolutions of the shareholders' general meeting shall be made immediately and shall specify the number of shareholders and proxies attending the meeting, total number of voting shares held by them and proportion of such shares in the total number of shares of the Company, voting method, voting results of each proposal and detailed information of each resolution approved by the meeting.

Article 65 Before voting on the proposals, the shareholders' general meeting shall elect two representatives to participate in the vote-counting and vote-scrutinizing. If shareholders are materially interested in the related matters, the relevant shareholders and their proxies shall not participate in the vote-counting and vote-scrutinizing.

When voting on the proposals, the counsels, representatives of shareholders and representatives of supervisors shall jointly responsible for the vote-counting and vote-scrutinizing, declare the result of the vote and record such result in the meeting minutes.

Shareholders or their proxies voting online or in other ways shall be entitled to check their result of vote through correspondent voting system.

Article 66 If the proposal is not approved or the resolution of this shareholders' general meeting is revised the resolution of previous shareholders' general meeting, a specific notice shall be made on the public announcement of the shareholders' general meeting.

Article 67 Where the shareholders' general meeting approves the proposal of director election and supervisor election, the newly elected directors and supervisors shall assume office on the date when the shareholders' general meeting approves the proposal.

Article 68 Where the shareholders' general meeting approves the proposals on cash dividends, bonus issue or conversion of capita reserve into share capital, the Company shall implement the detailed plan within 2 months from the closing of the shareholders' general meeting.

SECTION 7 SPECIAL VOTING PROCEDURES FOR A CLASS OF SHAREHOLDERS

Article 69 Shareholders who hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and undertake obligations in accordance with laws, administrative regulations and the AOA.

Article 70 If the Company intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected class shareholders in accordance with articles 76 to 80.

Article 71 The following circumstances shall be deemed to be a variation or abrogation of the class rights of a class:

(i) to increase or reduce the number of Shares of that class or increase or reduce the number of Shares of another class which carries the same or more voting rights, distribution right or other privileges;

(ii) to effect an exchange of all or part of the Shares of such class into Shares of another class or to effect an exchange or create a right of exchange of all or part of the Shares of another class into the Shares of such class;

(iii) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to Shares of such class;

(iv) to reduce or remove a dividend preference or a liquidation preference attached to Shares of such class;

(v) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to Shares of such class;

(vi) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to Shares of such class;

(vii) to create a new class of Shares having voting or distributing rights or other privileges equal or superior to those of the Shares of such class;

(viii) to restrict the transfer or ownership of the Shares of such class or add to such restriction;

(ix) to allot and issue rights to subscribe for, or convert into, Shares in the Company of such class or another class;

(x) to increase the rights or privileges of Shares of another class;

(xi) to restructure the Company where the proposed restructuring results in different classes of shareholders bearing a disproportionate burden of such proposed restructuring; and

(xii) to vary or abrogate provisions in this section.

Article 72 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (ii) to (viii), (xi) and (xii) above, but interested shareholder(s) shall not be entitled to vote at class meetings.

The "interested shareholder(s)" above means:

(i) in the case of a repurchase of Shares by offers to all shareholders pro rata or public dealing on a stock exchange in accordance with Article 30 of the AOA, a “controlling shareholder” within the meaning of Article 64 of the AOA;

(ii) in the case of a repurchase of Shares by an off-market contract in accordance with Article 30 of the AOA, a holder of the Shares to which the proposed contract relates; and

(iii) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Article 73 Resolutions of a class shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights of the shareholders attended at the relevant meeting who are entitled to vote at class meetings.

Article 74 Written notices of a class meeting shall be given twenty (20) days before the date of the class meeting to notify all of the shareholders in the share register of the class of the matters to be considered and the date and the venue of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her written reply concerning attendance at the class meeting to the Company ten (10) days before the date of the class meeting.

If the number of Shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches more than half of the Shares which have the right to vote at the class meeting, the Company may hold the class meeting; if not, the Company shall, within five (5) days, notify the shareholders of the class by public announcement of the matters to be considered, the date and the venue for the class meeting. The Company may then hold the class meeting after publication of such notice.

Article 75 Notices of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of shareholders' general meetings. The provisions of the AOA relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders.

Article 76 Except for other class shareholders, shareholders of domestic shares and shareholders of foreign shares listed outside the PRC shall be deemed as shareholders of different classes.

The special procedures for voting at a class of shareholders shall not apply in the following circumstances:

(i) where the Company issues Domestic Shares and overseas-listed foreign Shares, upon the approval by a special resolution of its shareholders' general meeting, either separately or concurrently once every twelve months, not exceeding 20% of each of its existing issued Shares;

(ii) where the Company's plan to issue Domestic Shares and overseas-listed foreign Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval by the securities authority of the State Council; or

(iii) where upon the approval from the securities authority of the State Council and other approving authority (if applicable), the Domestic Shares of the Company may be converted into foreign Shares, and such Shares may be listed and traded on an overseas stock exchange.

SECTION 8 SUPPLEMENTARY PROVISIONS

Article 77 Unless provided otherwise, the public announcement or notification as referred in these Rules shall have the same meaning as in the AOA.

The supplementary notification of the shareholders' general meeting as referred in these Rules shall be published on the same newspapers where the notification of the shareholders' general meeting are published.

Article 78 These Rules shall be amended along with the revisions of relevant laws, regulations, regulatory documents and the AOA. If there is any discrepancy between these Rules and the provisions of relevant laws, regulations, regulatory documents and the AOA, such provisions shall prevail.

Article 79 The terms “no less than” and “within” referred to in these Rules include the number itself. The terms “over”, “below”, “above” do not include the number itself.

Unless provided otherwise, the definition of terms in these Rules shall have the same meaning as in the AOA.

The audited financial indicators used as the reference standard in these Rules shall take the perspective of consolidated financial statements.

Article 80 These *Rules* constitute an appendix to the AOA, and shall be interpreted by the Board.

Article 81 These *Rules* are formulated by the Board and approved by the shareholders’ general meeting of the Company, and will become effective after the shares issued by the Company have been listed and traded on the Hong Kong Stock Exchange. Any revision hereto shall require the same approval.

Shanghai Pharmaceuticals Holding Co., Ltd.

28th June, 2016

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS OF SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

Article 1 Purpose

These rules of procedure (the “**Rules**”) are formulated pursuant to the provisions of the *Company Law of the People’s Republic of China* (the “**Company Law**”), the *Securities Law of the People’s Republic of China* (the “**Securities Law**”), the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and the *Articles of Association of Shanghai Pharmaceuticals Holding Co., Ltd.* (the “**AOA**”), for the purpose of regulating the discussion methods and decision-making procedures of the Board of Directors of Shanghai Pharmaceuticals Holding Co., Ltd. (the “**Company**”), procuring directors and the Board to perform their duties effectively, and improving the standardized operation and scientific decision-making level of the Board. These Rules constitute one of the appendices to the AOA, and shall be made by the Board and approved by the shareholders’ general meeting.

These Rules shall be amended along with the revisions of relevant laws, regulations, regulatory documents and the AOA from time to time. If there is any discrepancy between these Rules and the provisions of relevant laws, regulations, regulatory documents and the AOA, such provisions shall prevail.

Article 2 Corporate governance functions

The Board shall perform the corporate governance functions, including but not limited to:

(i) to review the corporate governance policies of the Company and the implementation thereof;

(ii) to review and supervise the trainings for and professional development of the directors and senior management;

(iii) to review and supervise the compliance policies of the Company and the implementation thereof;

(iv) to formulate, review and supervise the codes of conduct applicable to the Company's employees and directors and their compliance; and

(v) to review the compliance of the Company with the relevant laws, regulations and principles on corporate governance and to disclose the same in the corporate governance reports.

Article 3 Office of the Board

The office of the Board shall be established to deal with day-to-day affairs.

The secretary to the Board shall hold a concurrent post as the responsible person of the office of the Board, who is responsible for keeping the seals of the Board.

The secretary to the Board shall appoint a securities affairs representative or other personnel to assist him or her in dealing with day-to-day affairs.

Article 4 Establishment of the executive committee of the Board

Upon unanimous agreement by all the directors, the Board shall have an executive committee, comprising 3 or 4 executive directors; the members of the executive committee shall comprise all the executive directors of the Board at the time.

Article 5 Term of office of the members of the executive committee of the Board

The term of office of the executive committee shall be the same as that of the Board. Upon the expiry of its term, any member of the executive committee may serve another term if re-elected. If any member of the executive committee is no longer the director of the Company during his or her term of office, he or she shall be automatically disqualified for the member of the executive committee.

Article 6 Functions and powers of the executive committee of the Board

The executive committee of the Board shall exercise the following functions and powers:

(i) when the Board is not in session, to make decisions on any asset disposals of the Company, within the scope authorized by the Board;

(ii) when the Board is not in session, to adjust the structure of the Company's internal management organizations and relevant arrangement of personnel as well as to set up the management system in relation to the day-to-day operation of the Company, within the scope authorized by the Board;

(iii) when the Board is not in session, resolutions made by the executive committee of the Board shall be reported to the Board during the next Board meeting;

(iv) to report to the Board during the annual Board meeting; and

(v) to exercise such other functions and powers as authorized by the Board.

The authorization granted to the executive committee by the Board shall be adopted unanimously by all directors.

Article 7 Voting of the executive committee of the Board

Resolutions made by the executive committee of the Board shall be adopted by unanimous agreement of all members. Proposals shall be passed upon the signing or sealing by all members of the executive committee in person.

Article 8 Special committees

The Board may establish an audit committee, a remuneration and appraisal committee, a corporate strategy committee and other special committees in accordance with relevant laws, regulations and regulatory documents. Special committees shall only comprise directors. The audit committee shall only comprise and be chaired by independent directors, and at least one independent director shall be an accounting professional (i.e. those holding senior professional title or CPA qualification). The independent directors shall constitute the majority of the remuneration and appraisal committee and also chair the committee.

Special committees may engage intermediary institutions to provide professional opinions and relevant expenses shall be borne by the Company.

Special committees shall be accountable to the Board. The investigation results of special committees within their respective scope of responsibility shall be reported to the Board and proposals by special committees shall be submitted to the Board for determination.

Article 9 Functions and powers of the special committees

The Board will formulate the implementation rules for each special committee to set forth its specific responsibilities.

Article 10 Regular meetings

The Board meetings shall include the regular meetings and extraordinary meetings.

Regular meetings of the Board shall be held at least four times a year at approximately quarterly intervals and convened by the chairperson of the Board. Notice of the meeting shall be served on all of the directors and supervisors ten (10) days before the date of the meeting. At a regular meeting, directors' approval shall not be obtained by way of circulation of written resolution.

The form of a notice of regular meetings of the Board shall be as follows: by hand, by mail, by telephone, by facsimile, by email or by other means stipulated in the AOA.

Article 11 Proposals of the regular meetings

Before sending out the notice of regular meetings of the Board, the office of the Board shall ask for opinions of directors, make an initial draft of the proposals and submit such draft to the chairperson of the Board for finalization.

Before finalizing the draft of the proposals, the chairperson of the Board shall ask for opinions of the president and other senior management where necessary.

Article 12 Extraordinary Meetings

Under any of the following circumstances, the chairperson of the Board shall convene and chair the extraordinary meeting within ten (10) days after the receipt of the proposal made by shareholders, directors or the supervisory board that are entitled to do so:

- (i) shareholders representing one-tenth (1/10) or above of the voting rights propose to convene an extraordinary meeting;
- (ii) one-third or above of the members of the Board jointly propose to convene an extraordinary meeting;
- (iii) the supervisory board proposes to convene an extraordinary meeting;
- (iv) the chairperson of the Board deems necessary;
- (v) the president proposes to convene an extraordinary meeting;
- (vi) one-half or above of the independent directors propose to convene an extraordinary meeting;
- (vii) the securities authorities request to convene an extraordinary meeting; or
- (viii) other circumstances as stipulated in the AOA.

The form of a notice of extraordinary meetings of the Board shall be as follows: by telephone or facsimile. The time limit for notification shall be: served 3 days before the extraordinary meetings of the Board.

Article 13 Procedures for proposing to convene the extraordinary meeting

If it is proposed to convene an extraordinary meeting of the Board in accordance with the preceding article, the written proposal signed (sealed) by the persons who propose the meeting shall be submitted to the chairperson of the Board directly or through the office of the Board. The written proposal shall state the following matters:

- (i) the name of the persons who propose the meeting;
- (ii) the reason for the proposal or objective ground on which the proposal is based;
- (iii) the date, duration and place of the proposed meeting and by what means the proposed meeting is held;

(iv) clear and specific proposals; and

(v) the contact information of the persons who propose the meeting and the date of proposal.

The content of the proposal shall be the matters within the authority of the Board as stipulated in the AOA and materials related to the proposal shall be submitted together with the proposal.

The office of the Board shall forward the above-mentioned written proposal and relevant materials to the chairperson of the Board at the same day it receives the proposal and relevant materials. If the chairperson of the Board considers that the content of the proposal is not explicit or specific, or relevant materials are not sufficient, he or she shall ask the persons who propose the meeting to make revisions or supplement.

The chairperson of the Board shall convene and chair the Board meeting within ten (10) days upon the receipt of the proposal or the request from the securities authorities.

Article 14 Notification of the meeting

All directors shall be informed of matters that require at least two-thirds (2/3) affirmative votes of all the directors and shall be provided with sufficient materials within the time period as stipulated herein. All directors shall proceed with these matters strictly in accordance with regulated procedures. When more than one-fourth (1/4) of the directors or more than two (2) external directors deem the materials inadequate or argument unclear, they may jointly request to postpone the meeting or to postpone the discussion of the related matters, which shall be accepted by the Board.

The agenda of the regular Board meeting and relevant meeting documents shall be delivered to all directors as soon as possible but in no event later than three (3) days before the proposed meeting date (or other agreed date) of the Board or its committees.

If directors have attended the meeting and have not raised an objection regarding the non-receipt of the above-mentioned notice before or at the meeting, such notice shall be deemed as being received by them.

The regular Board meeting or extraordinary Board meeting may be held in the form of conference call or similar audio and video transmission, as long as directors attending the meeting could hear and communicate with each other clearly. All directors attending the meeting shall be deemed as attending the meeting in person.

Article 15 Contents of the notification of the Board meeting

The notification of the Board meeting shall include the following contents:

- (i) date and place of the meeting;
- (ii) duration of the meeting;
- (iii) subject matters and proposals;
- (iv) date of notice;
- (v) by what means the meeting is held;
- (vi) the convenor, moderator of the meeting, the persons who propose the extraordinary meeting and their written proposals;
- (vii) meeting materials necessary for voting by directors;
- (viii) the requirement that directors shall attend the meeting in person or by entrusting other directors as proxy; and
- (ix) the contact person and contact information.

The notification of the Board meeting shall at least include the above-mentioned items (i) to (iv), and a statement that in case of emergency, an extraordinary Board meeting shall be held immediately.

Article 16 Change of the notification of the Board meeting

Where, after sending out the written notification of the regular Board meeting, there is a need to change the date or place of the meeting, or to add, change or cancel the proposals of the meeting, a written notification stating the circumstances and the contents of the new proposals shall be sent out three (3) days before the date of the

previously scheduled meeting. If less than three (3) days, the meeting shall be postponed accordingly or held on schedule upon the approval by all directors attending the meeting.

Where, after sending out the notification of the extraordinary Board meeting, there is a need to change the date or place of the meeting, or to add, change or cancel the proposals of the meeting, the approval by all directors attending the meeting shall be obtained in advance and records thereof shall be made.

Article 17 Convening and Chairing of the Board meetings

The Board meetings shall be convened and chaired by the chairperson of the Board. If the chairperson of the Board cannot or does not perform his or her duties, the vice chairperson shall convene and chair the Board meetings. If there is no vice chairperson or the vice chairperson cannot or does not perform his or her duties, a director elected by more than one-half of all the directors shall convene and chair the Board meetings.

Article 18 Holding of the meeting

The Board meeting may only be held if attended by more than half of the directors. If relevant directors reject to attend the meeting or delay in attending the meeting, causing the minimum number of directors required for the meeting cannot be met, the chairperson and the secretary to the Board shall report to the regulatory authorities immediately.

Article 19 Voting system

The voting system for the resolution of the Board is: a written ballot vote.

Extraordinary meetings of the Board, under the premise of ensuring directors to fully express their views, may make the resolution by communication and signed by the directors present at the meeting.

Article 20 Persons participating in the Board meeting

All directors;

The president and the secretary to the Board shall attend the Board meeting without voting rights;

The supervisors may attend the Board meeting without voting rights;

The moderator shall notify other relevant persons to attend the Board meeting without voting rights if he or she deems necessary.

Article 21 Attending in person or by proxy

Meetings of the Board shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he or she may entrust in writing another director to attend the meeting on his or her behalf. The power of attorney shall specify the name of the proxy, the entrusted tasks, the scope and the duration of the authorization, and it shall be signed or sealed by the principal. A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authorization granted. If a director fails to attend a meeting of the Board and has not appointed a proxy to attend on his or her behalf, he or she shall be deemed to have waived his or her voting rights in respect of that meeting.

The power of attorney shall specify the following items:

- (i) the name of the principal and the proxy;
- (ii) the brief comments of the principal on each proposal;
- (iii) the scope of authorization and directions on intention of voting on proposals;

and

- (iv) the signature of the principal and date etc.

If other directors are entrusted to sign a written confirmation on the regular report, a specific authorization shall be included in the power of attorney.

Directors being entrusted shall submit a written power of attorney to the moderator, and state the same on the attendance book of the meeting.

Directors attending the Boarding meeting via telephone, video conference, fax, email or correspondence shall be deemed as attending the meeting in person.

Article 22 Limitations on attending the Board meeting by proxy

Attending the Board meeting by proxy shall follow the principles below:

(i) when reviewing matters in relation to connected transactions, non-connected directors shall not entrust connected directors to attend the meeting, and connected directors shall not accept the entrustment either;

(ii) independent directors shall not entrust non-independent directors to attend the meeting, and non-independent directors shall not accept the entrustment either;

(iii) directors shall not make a general entrustment of attending the meeting to other directors without stating their personal opinions and intention of voting on proposals, and relevant directors shall not accept general entrustment and entrustment without explicit authorization.

(iv) one (1) director shall not accept the entrustment by more than two (2) directors. Directors shall not entrust other directors who have already been entrusted by two (2) directors to attend the meeting.

Article 23 Form of the meeting

The Board meeting shall be held in the form of on-site meeting. If needed, under the premise of ensuring directors to fully express their views, the Board meeting shall also be held via telephone, video, fax, email or correspondence upon agreement by the convenor (moderator) and persons who propose the meeting. The Board meeting may also be held in the form of on-site meeting together with other means simultaneously.

If the Board meeting is held by other means instead of on-site meeting, the number of directors attending the meeting shall be calculated based on directors present at the meeting via video, directors expressing opinions via conference call, valid votes received within the prescribed time limit via fax, email or correspondence, or the written confirmation submitted by directors after the meeting stating that they have attended the meeting.

Article 24 Procedures for review at the meeting

The moderator shall ask directors attending the Board meeting to express explicit opinions on each proposal.

In respect of proposals for which prior approval by independent directors are required, the moderator shall appoint one (1) independent director to read the written approval reached by the independent directors at the meeting before discussing the relevant proposals.

Where a director is trying to hinder the smooth progress of the meeting or interfere with the speech of other directors, the moderator shall stop him or her in time.

Except for unanimously agreed by all directors attending the meeting, directors attending the Board meeting shall not vote on proposals which are not included in the notification of the meeting. Directors attending the Board meeting as proxy shall not vote on proposals which are not included in the notification of the meeting on behalf of other directors.

Article 25 Expression of opinions

Directors shall read the relevant meeting materials carefully, and express their opinions independently and prudently on the basis of fully understanding of circumstances.

Directors may approach the office of the Board, the convenor of the meeting, the president, other senior management, each special committee, the accounting firm and the law firm before the meeting for information necessary for the decision-making, or during the meeting suggest to the moderator that representatives of the above-mentioned persons and institutions shall explain relevant circumstances.

Article 26 Voting at the Board meeting

One (1) person shall have one (1) vote when voting on the resolution of the Board.

In case of an equality of votes, the chairperson is entitled to cast one (1) more vote.

Resolutions made by the executive committee of the Board shall be adopted by unanimous agreement of all its members.

After full discussion of each proposal, the moderator shall bring it to directors' attention for voting in time.

Directors shall express one of the following comments on the proposals: agree, oppose or abstain. Directors attending the meeting shall express one of the above-mentioned comments. If a director fails to express comments or express two or more comments, the moderator shall ask the relevant director to re-express. If the director rejects to express, it will be regarded that he or she has abstained from voting. If the director leaves the meeting place *en route* without return thus fails to express comments, it will be regarded that he or she has abstained from voting.

Article 27 Calculation of the voting result

After voting, the securities affairs representative and relevant personnel from the office of the Board shall collect the votes of directors in time, and the secretary to the Board shall calculate the votes under the supervision of one (1) supervisor or independent director.

In case of on-site meeting, the moderator shall declare the calculation result at the meeting. Under other circumstances, the moderator shall ask the secretary to the Board to inform directors of the voting result before the next workday following the expiration of the prescribed time period of voting.

If directors cast the vote after the declaration of voting result by the moderator or the expiration of the prescribed time period of voting, such votes shall not be calculated.

Article 28 Formation of resolutions

The adoption of meeting proposals and formation of relevant resolutions by the Board shall require the affirmative votes of more than half of directors of the Company. If laws, administrative regulations and the AOA provide that the formation

of resolutions shall be agreed by more directors, the relevant provisions of such laws, administrative regulations and the AOA shall be complied with.

If the Board makes a resolution in relation to guarantee matters within its scope of authority in accordance with the AOA, such resolution shall be agreed by more than two-thirds (2/3) of directors attending the meeting, in addition to as agreed by more than half of directors of the Company.

If there is any discrepancy between different resolutions in terms of content and meaning, the resolution formed later shall prevail.

Article 29 Withdrawal from voting

If one of the following circumstances occurs, a director shall withdraw from voting on the relevant proposals:

(i) circumstances as stipulated in the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*;

(ii) circumstances under which a director him/herself considers that withdrawal from voting is necessary; or

(iii) other circumstances under which a director is related to the matters referred to in the proposal thus withdrawal from voting is required.

Under the circumstance of withdrawal from voting, directors shall not participate in the voting. When determining whether the quorum of the Board meeting is reached, such directors shall not be included. The relevant Board meeting may be held if more than half of non-related directors attend the meeting and the relevant resolution shall be passed by more than half of non-related directors. If the non-related directors attending the meeting are less than three (3), they shall submit the relevant proposal to the shareholders' general meeting for review other than voting on the relevant proposal.

Article 30 Non-ultra vires

The Board shall perform its duties strictly in accordance with the authorization of shareholders' general meeting and the AOA, and shall not form the resolution beyond its authority.

The executive committee shall perform its duties strictly in accordance with the authorization of the AOA, these Rules and the Board, and shall not form the resolution beyond its authority.

Article 31 Special provisions on profit distribution

If the Board needs to make a resolution in relation to the distribution of profits of the Company, it may in the first place inform the accounting firm of the distribution proposal to be submitted to the Board for review and ask the accounting firm to issue a draft audit report based on the proposal (except for matters in relation to the distribution of profits, other financial data shall be confirmed). After the Board has made a resolution in relation to the distribution of profits, it shall ask the accounting firm to issue a formal audit report, and the Board shall make a resolution in relation to other relevant matters referred to in the regular report in accordance with the formal audit report issued by the accounting firm.

Article 32 Solutions if the proposal has not been passed

If the proposal has not been passed, the Board shall not review the same proposal at the Board meeting within one (1) month under the circumstance that relevant conditions and factors have no material change.

Article 33 Deferring of vote

When more than one-fourth (1/4) of the directors attending the meeting or more than two (2) external directors deem the proposals unclear, unspecific or materials of the meeting inadequate thus they are unable to make a judgement on the relevant matters, the moderator shall ask the meeting to defer the vote on such proposals.

Directors suggesting the deferring of vote shall express explicitly the requirement concerning conditions on which the proposal can be re-submitted for review.

Article 34 Sound recording of the meeting

Sound recording of on-site Board meetings and Board meetings held via video or telephone can be made if needed.

Article 35 Meeting minutes

The Board shall prepare minutes of its decisions on the matters reviewed at the meetings. The directors attending a meeting shall sign the minutes of that meeting. Opinions of independent directors shall be stated clearly in the Board resolution.

The first draft of the meeting minutes of the Board and its committees shall be submitted to all directors for review within a reasonable time period. Directors intending to amend or supplement the minutes shall submit suggested changes in written form to the chairperson of the Board within one (1) week upon the receipt of the meeting minutes. Upon the finalization of the meeting minutes, directors attending the meeting and the person who recorded the minutes shall sign on the minutes. The secretary to the Board shall carefully organize the minutes and the records of discussed matters, sign on the minutes and undertake the responsibility of accurate recording. The meeting minutes of the Board and its committees shall be preserved at the domicile of the Company in the PRC, and complete copies of the meeting minutes shall be delivered to each director as soon as possible. Written resolutions formed without following legal procedures but signed by directors do not have legal effect as the Board resolutions, even if each director has expressed his or her opinion in different ways.

The directors shall bear liability for the resolutions of the Board. Where a resolution of the Board is in violation of laws, administrative regulations or the AOA, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can

prove that he or she expressed his or her opposition to such resolution when it was put to the vote, and that such opposition was recorded in minutes of the meeting, the director may be relieved from such liability. Where a director abstained from voting or did not attend the meeting and failed to entrust other person to attend the meeting on his or her behalf, the director may not be relieved from such liability. Where a director expressed his or her opposition to the resolution but did not vote against it, the director may not be relieved from such liability.

The duly appointed meeting secretary shall keep the meeting minutes of the Board and its committee. Upon reasonable notice from any director, the secretary shall make the relevant meeting minutes available for his or her review within any reasonable time period.

Article 36 Minutes of Board meeting shall include the following contents:

- (i) date, place of the meeting, name of the convener;
- (ii) general state of the meeting notification which has been sent out;
- (iii) names of directors present, names of directors entrusted by another director (or proxy);
- (iv) the convenor and moderator of the meeting;
- (v) agenda of the Board meeting;
- (vi) main point of the directors' speech;
- (vii) voting method and result of each proposal (the result shall state clearly the number of affirmative, dissenting and abstentious votes); and
- (viii) other matters directors attending the meeting deem necessary.

Article 37 Meeting summary and record of the resolutions

Except for meeting minutes, the secretary to the Board shall, if needed, arrange personnel of the office of the Board to make a meeting summary in respect of the general state of the meeting, and make a separate record of resolutions in respect of the resolution formed at the Board meeting based on the voting result.

Article 38 Signatures of the directors

Directors attending the meeting shall confirm and sign on the meeting minutes and resolutions on their own behalf or on behalf of directors entrusting them. Directors dissenting from the meeting minutes or the record of resolutions shall make a written statement at the time of signing. If necessary, such directors shall report to the regulatory authorities immediately, or make public announcement in this respect.

If directors fail to confirm and sign on the meeting minutes or the record of resolutions in accordance with the preceding paragraph, or fail to make a written statement or report to the regulatory authorities in respect of their dissenting opinions, it is considered that such directors fully agree with the meeting minutes or the record of resolutions.

Article 39 Public announcement of the resolutions

The secretary to the Board shall deal with matters in respect of the public announcement of the Board resolutions in accordance with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and the AOA. Before the disclosure of the public announcement of the Board resolutions, directors attending the meeting and those invited to sit in on the meeting, the personnel taking minutes or providing services shall undertake the obligation to maintain the confidentiality of the Board resolutions.

Article 40 Implementation of the resolutions

The chairperson of the Board shall urge relevant personnel to implement the Board resolutions, examine the implementation of the resolutions, and report the implementation status of the relevant formed resolutions at the subsequent Board meetings.

Article 41 Preservation of the meeting files

The Board meeting files shall include the notification of the meeting, meeting materials, the attendance book of the meeting, the power of attorney authorizing directors to attend the meeting on behalf, sound archives of the meeting, votes, meeting minutes confirmed and signed by directors attending the meeting, the meeting summary, the record of the resolutions and the public announcement of the resolutions, which shall be kept by the secretary to the Board. A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company.

Preservation period of the Board meeting files shall not be less than 10 years.

Article 42 Supplementary provisions

The terms “no less than” and “within” referred to in these Rules include the number itself. The terms “over”, “below”, “above” do not include the number itself.

Unless provided otherwise, the definition of terms in these Rules shall have the same meaning as in the AOA.

The audited financial indicators used as the reference standard in these Rules shall take the perspective of consolidated financial statements.

These Rules are formulated by the Board and approved by the shareholders’ general meeting of the Company, and will become effective after the shares issued by the Company have been listed and traded on the Hong Kong Stock Exchange. Any revision hereto shall require the same approval.

These Rules constitute an appendix to the AOA, and shall be interpreted by the Board.

Shanghai Pharmaceuticals Holding Co., Ltd.

28th June, 2016

RULES OF PROCEDURE OF THE SUPERVISORY BOARD OF SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

Article 1 Purpose

These rules of procedure (the “**Rules**”) are formulated pursuant to the provisions of the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and the *Articles of Association of Shanghai Pharmaceuticals Holding Co., Ltd.* (the “**AOA**”), for the purpose of regulating the discussion methods and voting procedures of the supervisory board of Shanghai Pharmaceuticals Holding Co., Ltd. (the “**Company**”), procuring supervisors and the supervisory board to perform their supervision duties effectively, and improving the corporate governance structure of the Company. These Rules constitute one of the appendices to the AOA, and shall be made by the supervisory board and approved by the shareholders’ general meeting.

Article 2 Office of the supervisory board

The office of the supervisory board shall be established to deal with day-to-day affairs.

The chairperson of the supervisory board shall hold a concurrent post as the responsible person of the office of the supervisory board, who is responsible for keeping the seals of the supervisory board. The chairperson of the supervisory board may ask a securities affairs representative or other personnel to assist him or her in dealing with day-to-day affairs.

Article 3 Regular meetings and extraordinary meetings of the supervisory board

The meetings of the supervisory board shall include regular meetings and extraordinary meetings.

The supervisory board shall have a regular meeting every 6 months. Under any of the following circumstances, the supervisory board shall convene an extraordinary meeting within ten (10) days:

(i) any supervisor proposes to convene an extraordinary meeting;

(ii) a resolution has been adopted at the shareholders' general meeting or the Board meeting in violation of laws, regulations, rules, various provisions and requirements of the regulatory authorities, the AOA, the resolution of the shareholders' general meeting and other relevant regulations;

(iii) the misconduct of directors and senior management may causes serious damage to the Company or could have an adverse impact on the market;

(iv) shareholders have brought a lawsuit against the Company, directors, supervisors and senior management;

(v) the Company, directors, supervisors and senior management are subject to the punishment by the securities authorities or the public censure from Shanghai Stock Exchange;

(vi) the securities authorities request to convene an extraordinary meeting; or

(viii) other circumstances as stipulated in the AOA.

Article 4 Proposals of the regular meetings

Before sending out the notification of regular meetings of the supervisory board, the office of the supervisory board shall ask for proposals from all supervisors. When asking for proposals and opinions, the office of the supervisory board shall explain that the supervisory board shall focus the attention on supervising the standardized operation of the Company and the official conduct of directors, the president and other senior management, instead of making decisions on the operation and management of the Company.

Article 5 Procedures for proposing to convene the extraordinary meeting

If any supervisors propose to convene an extraordinary meeting of the supervisory board, the written proposal signed by the supervisors who propose the meeting shall be submitted to the chairperson of the supervisory board directly or through the office of the supervisory board. The written proposal shall state the following matters:

- (i) the name of the supervisors who propose the meeting;
- (ii) the reason for the proposal or objective ground on which the proposal is based;
- (iii) the date, duration and place of the proposed meeting and by what means the proposed meeting is held;
- (iv) clear and specific proposals; and
- (v) the contact information of the supervisors who propose the meeting and the date of proposal.

The office of the supervisory board shall send out the notification of the extraordinary meeting within three (3) days upon the receipt of the written proposal from supervisors by the office of the supervisory board or the chairperson of the supervisory board.

If the office of the supervisory board delays in sending out the notification of the extraordinary meeting, supervisors who propose the meeting shall report to the supervising authorities immediately.

Article 6 Convening and chairing of the meeting

The meetings of the supervisory board shall be convened and chaired by the chairperson of the supervisory board. If the chairperson of the supervisory board cannot or does not perform his or her duties, the vice chairperson shall convene and chair the meetings. If there is no vice chairperson or the vice chairperson cannot or does not perform his or her duties, a supervisor elected by more than one-half of all the supervisors shall convene and chair the meetings.

Article 7 Notification of the meeting

In respect of the regular meeting or extraordinary meeting of the supervisory board, the office of the supervisory board shall send out the written notification of the meeting under the seal of the supervisory board via direct delivery, fax, email or other means to all supervisors, ten (10) days or three (3) days before the meeting. For indirect delivery, confirmation through telephone calls and relevant records shall be needed.

In case of emergency where an extraordinary meeting shall be held immediately, the notification of the meeting can be sent out orally or through telephone at any time, and the convenor shall make an explanation at the meeting.

Article 8 Contents of the notification of the meeting

The notification of the meetings of the supervisory board shall include the following contents:

- (i) date, place and duration of the meeting;
- (ii) matters to be reviewed (proposals of the meeting);
- (iii) the convenor, moderator of the meeting, the persons who propose the extraordinary meeting and their written proposals;
- (iv) meeting materials necessary for voting by supervisors;
- (v) the requirement that supervisors shall attend the meeting in person; and
- (vi) the contact person and contact information.

The oral notification shall at least include the above-mentioned items (i) to (ii), and a statement that in case of emergency, an extraordinary meeting of the supervisory board shall be held immediately.

Article 9 Form of the meeting

The meeting of the supervisory board shall be held in the form of on-site meeting.

In case of emergency, the meeting of the supervisory board can be held through communications, and the convenor (the moderator) of the meeting shall make an explanation on the specific circumstance to supervisors attending the meeting. When

voting through communications, supervisors shall deliver their signed written opinions and voting intentions in respect of the matters under review to the office of the supervisory board via fax. Supervisors shall not only state the voting opinions without explaining their written opinions or reasons for the voting.

Article 10 Holding of the meeting

The meeting of the supervisory board may only be held if attended by more than two-thirds (2/3) of the supervisors. If relevant supervisors reject to attend the meeting or delay in attending the meeting, causing the minimum number of supervisors required for the meeting cannot be met, other supervisors shall report to the regulatory authorities immediately.

The secretary to the Board and securities affairs representative shall attend the meeting of the supervisory board without voting rights.

Article 11 Procedures for review at the meeting

The moderator of the meeting shall ask supervisors attending the meeting to express explicit opinions on each proposal.

The moderator of the meeting shall, in accordance with proposals of supervisors, ask directors, the president, other senior management, other staff of the Company or personnel of relevant intermediary institutions to present at the meeting and answer questions.

Article 12 Resolutions of the supervisory board

One (1) person shall have one (1) vote when voting on the resolution of the supervisory board. The resolutions shall be voted on by open and written ballot.

Supervisors shall express one of the following comments on the proposals: agree, oppose or abstain. Supervisors attending the meeting shall express one of the above-mentioned comments. If a supervisor fails to express comments or express two or more comments, the moderator shall ask the relevant supervisor to re-express. If the supervisor rejects to express, it will be regarded that he or she has abstained from

voting. If the supervisor leaves the meeting place *en route* without return thus fails to express comments, it will be regarded that he or she has abstained from voting.

Resolutions made by the supervisory board shall be adopted by two-thirds (2/3) of supervisors.

Article 13 Sound recording of the meeting

Sound recording of meetings of the supervisory board can be made if needed.

Article 14 Meeting minutes

Personnel from the office of the supervisory board shall prepare minutes of the on-site meetings. Minutes of the meeting shall include the following contents:

- (i) session, date, place and form of the meeting;
- (ii) general state of the meeting notification which has been sent out;
- (iii) the convenor and moderator of the meeting;
- (iv) general state of the attendance;
- (v) proposals to be reviewed at the meeting, the point of speech and major opinions of each supervisor on relevant matters, and their intentions of voting;
- (vi) voting method and result of each proposal (the result shall state clearly the number of affirmative, dissenting or abstentious votes); and
- (vii) other matters supervisors attending the meeting deem necessary.

In respect of meetings held via communications, the office of the supervisory board shall organize the meeting minutes in accordance with the above-mentioned provisions.

Article 15 Signatures of the supervisors

Supervisors attending the meeting shall confirm and sign on the meeting minutes. Supervisors dissenting from the meeting minutes shall make a written statement at the time of signing. If necessary, such supervisors shall report to the regulatory authorities immediately, or make public announcement in this respect.

If supervisors fail to confirm and sign on the meeting minutes in accordance with the preceding paragraph, or fail to make a written statement or report to the regulatory authorities in respect of their dissenting opinions, it is considered that such supervisors fully agree with the meeting minutes.

Article 16 Public announcement of the resolutions

The secretary to the Board shall deal with matters in respect of the public announcement of the resolutions of the supervisory board in accordance with the relevant regulations of the securities authorities of the place where the Company is listed and the AOA.

Article 17 Implementation of the resolutions

Supervisors shall urge relevant personnel to implement the resolutions of the supervisory board. The chairperson of the supervisory board shall report the implementation status of the relevant formed resolutions at the subsequent meetings of the supervisory board.

Article 18 Preservation of the meeting files

The meeting files shall include the notification of the meeting, meeting materials, the attendance book of the meeting, sound archives of the meeting, votes, meeting minutes confirmed and signed by supervisors attending the meeting and the public announcement of the resolutions, which shall be kept by personnel designated by the chairperson of the supervisory board. A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company.

Preservation period of meeting materials of the supervisory board shall not be less than 10 years.

Article 19 Supplementary provisions

Anything not covered in these Rules will be dealt with according to the provisions of the Rules of Procedure of the Board of Directors of the Company.

The terms “no less than” and “within” referred to in these Rules include the number itself. The terms “over”, “below”, “above” do not include the number itself.

These Rules are formulated by the supervisory board and approved by the shareholders’ general meeting of the Company, and will become effective after the shares issued by the Company have been listed and traded on the Hong Kong Stock Exchange. Any revision hereto shall require the same approval.

These Rules constitute an appendix to the AOA, and shall be interpreted by the supervisory board.

Shanghai Pharmaceuticals Holding Co., Ltd.

28th June, 2016