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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Bao Pharmaceuticals Co., Ltd., you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Shanghai Bao Pharmaceuticals Co., Ltd.

上海寶濟藥業股份有限公司

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

(Stock Code: 2659)

2025 ANNUAL REPORT;
2025 FINAL ACCOUNTS REPORT AND 2026 FINANCIAL BUDGET;
2025 WORK REPORT OF THE BOARD OF DIRECTORS;
2025 WORK REPORT OF THE BOARD OF SUPERVISORS;
2025 PROFIT DISTRIBUTION PROPOSAL;
2026 REMUNERATION OF DIRECTORS;
RE-APPOINTMENT OF THE AUDITORS FOR THE YEAR 2026;
ELECTION OF DIRECTORS OF THE SECOND SESSION OF THE BOARD OF DIRECTORS;
GENERAL MANDATE TO ISSUE SHARES;
GENERAL MANDATE TO REPURCHASE H SHARES;
PROPOSED ABOLISHMENT OF THE BOARD OF SUPERVISORS AND AMENDMENTS TO
THE ARTICLES OF ASSOCIATION AND RELATED POLICIES;
AND
NOTICE OF ANNUAL GENERAL MEETING

A letter from the Board is set out on pages 4 to 15 of this circular. A notice of the annual general meeting (the "AGM") of the Company to be held at 10:00 a.m. on Tuesday, May 26, 2026 at Meeting Room 201, No. 28 Luoxin Road, Baoshan District, Shanghai, the PRC, together with a form of proxy for use at the AGM were published on the HKEx's website (www.hkexnews.hk) and the Company's website (www.baopharma.com) on Monday, May 4, 2026.

Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authority, must be notarized.

In the case of joint holders of the Shares, only the holder whose name stands first in the register of members of the Shares shall alone be entitled to vote at the AGM, either in person or by proxy in respect of such Shares.

For Shareholders, please return the proxy form together with any documents of authority to the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

May 4, 2026

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES FOR THE SECOND SESSION OF THE BOARD	16
APPENDIX II – EXPLANATORY STATEMENT	28
APPENDIX III – 2025 WORK REPORT OF THE BOARD OF SUPERVISORS	31
APPENDIX IV – DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION	34
APPENDIX V – DETAILS OF THE PROPOSED AMENDMENTS TO THE MANAGEMENT RULES FOR INFORMATION DISCLOSURE	75
APPENDIX VI – DETAILS OF THE PROPOSED AMENDMENTS TO THE MANAGEMENT RULES FOR CONNECTED TRANSACTIONS	95
APPENDIX VII – DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS ..	111
APPENDIX VIII – DETAILS OF THE PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR GENERAL MEETINGS	122
APPENDIX IX – DETAILS OF THE PROPOSED AMENDMENTS TO THE MANAGEMENT REGULATIONS FOR FINANCING AND EXTERNAL GUARANTEE	142
APPENDIX X – DETAILS OF THE PROPOSED AMENDMENTS TO THE POLICY FOR PREVENTING THE CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES FROM MISAPPROPRIATING FUNDS	152
NOTICE OF ANNUAL GENERAL MEETING	157

Note: If there are any discrepancies between the Chinese version and the English version of this circular, the Chinese version shall prevail.

DEFINITIONS

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

“applicable percentage ratio(s)”, “connected person(s)” and “subsidiary(ies)”	have the meanings ascribed to them under the Listing Rules
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be convened and held at 10:00 a.m. on May 26, 2026 at Meeting Room 201, No. 28 Luoxin Road, Baoshan District, Shanghai, the PRC
“Articles of Association”	the articles of association of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular and for geographical reference only and except where the context requires, references to “China” and the “PRC” in this circular do not include Hong Kong, Macao or Taiwan
“Company” or “Shanghai Bao”	Shanghai Bao Pharmaceuticals Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2659)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	unlisted shares in the ordinary share capital of the Company with a nominal value of RMB0.2 each, which are subscribed for and paid up in RMB
“Group”	the Company and its subsidiaries

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB0.2 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	April 30, 2026, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Ningbo Hongsheng”	Ningbo Hongsheng Enterprise Management Partnership (Limited Partnership) (寧波鴻晟企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 8, 2020, one of our Share Incentive Platforms
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Shanghai Luojun”	Shanghai Luojun Management Consulting Partnership (Limited Partnership) (上海羅君管理諮詢合夥企業(有限合夥)), a limited liability partnership established in the PRC on August 9, 2023, one of our Share Incentive Platforms
“Shanghai Luoxu”	Shanghai Luoxu Management Consulting Partnership (Limited Partnership) (上海羅旭管理諮詢合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 2, 2020, one of our Share Incentive Platforms

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB0.2 each, comprising the Domestic Share(s) and H Share(s)
“Share Incentive Platforms”	Shanghai Luojun, Shanghai Luoxu and Ningbo Hongsheng, or any one of them as the context may require
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“USD”	U.S. dollar, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



Shanghai Bao Pharmaceuticals Co., Ltd. **上海寶濟藥業股份有限公司**

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

(Stock Code: 2659)

Executive Directors:

Dr. Liu Yanjun
Ms. Wang Zheng
Mr. Tan Jingwei
Ms. Li Cui

Headquarters and Registered office:

No. 28 Luoxin Road, Baoshan District
Shanghai
PRC

Non-executive Directors:

Ms. Lin, Chia-ling
Mr. Diao Juanhuan
Mr. Li Chen

Principal place of business in Hong Kong:

Room 1919, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Independent non-executive Directors:

Mr. Cai Zhongxi
Dr. Zeng Fanyi
Dr. Ju Dianwen
Mr. Zhang Senquan

May 4, 2026

To the Shareholders

Dear Sir or Madam,

2025 ANNUAL REPORT;
2025 FINAL ACCOUNTS REPORT AND 2026 FINANCIAL BUDGET;
2025 WORK REPORT OF THE BOARD OF DIRECTORS;
2025 WORK REPORT OF THE BOARD OF SUPERVISORS;
2025 PROFIT DISTRIBUTION PROPOSAL;
2026 REMUNERATION OF DIRECTORS;
RE-APPOINTMENT OF THE AUDITORS FOR THE YEAR 2026;
ELECTION OF DIRECTORS OF THE SECOND SESSION OF THE BOARD OF DIRECTORS;
GENERAL MANDATE TO ISSUE SHARES;
GENERAL MANDATE TO REPURCHASE H SHARES;
PROPOSED ABOLISHMENT OF THE BOARD OF SUPERVISORS AND AMENDMENTS TO
THE ARTICLES OF ASSOCIATION AND RELATED POLICIES;
AND
NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you (among other things) with the information to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

At the AGM, the following ordinary resolutions will be proposed to approve:

- (1) 2025 Annual Report;
- (2) 2025 Final Accounts Report and 2026 Financial Budget;
- (3) 2025 Work Report of the Board of Directors;
- (4) 2025 Work Report of the Board of Supervisors;
- (5) 2025 Profit Distribution Proposal;
- (6) 2026 Remuneration of Directors;
- (7) Re-Appointment of the Auditors for the Year 2026;

At the AGM, the following ordinary resolution (by way of cumulative voting) will be proposed to approve:

- (8) Election Of Directors of the Second Session of the Board of Directors.

At the AGM, the following special resolutions will be proposed to approve:

- (1) the general mandate to issue Shares;
- (2) the general mandate to repurchase H Shares; and
- (3) proposed abolishment of the Board of Supervisors and amendments to the Articles of Association and related policies.

2. MATTERS TO BE CONSIDERED AT THE ANNUAL GENERAL MEETING

i. 2025 Annual Report

Please refer to the 2025 Annual Report of the Company published on the websites of the Company and HKEx.

The resolution was considered and approved at the meeting of the Board held on March 26, 2026 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

LETTER FROM THE BOARD

ii. 2025 Final Accounts Report and 2026 Financial Budget

A brief summary of the Company's Final Accounts Report for the year 2025 prepared in accordance with China Accounting Standards for Business Enterprises is set out below:

1. Revenue and loss

In 2025, the total revenue of the Company was RMB49.2 million; total operating costs was RMB5.4 million; total loss was RMB395.3 million and net loss attributable to Shareholders of the listed company was RMB395.3 million.

2. Cash flow situation

In 2025, the net cash outflow used in operating activities of the Company's consolidated financial statements amounted to RMB180.0 million, the net cash outflow used in investing activities amounted to RMB93.0 million and the net cash inflow generated from financing activities amounted to RMB998.0 million. As at December 31, 2025, the balance of cash and cash equivalents of the Company was RMB1,241.6 million.

3. Assets and liabilities position

As at December 31, 2025, the total assets as reported in the Company's consolidated financial statements amounted to RMB2,217.0 million, of which current assets amounted to RMB1,363.2 million and non-current assets amounted to RMB853.8 million. Total liabilities were RMB625.0 million. As at December 31, 2025, the total Shareholders' equity of the Company was RMB1,592.0 million.

The Company has prepared the 2026 Annual Budget Report in accordance with the principles of being realistic and prudent, based on its actual operating performance, strategic planning, and the impact of the current market environment and industrial policies, and on the premise of having fully considered its current foundations, operating capabilities, future development plans, and the following basic assumptions. The financial budget for the year 2026 will be primarily allocated to market access and sales of the Company's commercialized products, clinical development, securing market approvals, product pipeline research and development, and daily operations, among others.

This resolution was considered and approved at the meeting of the Board of Directors held on March 26, 2026 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

iii. 2025 Work Report of the Board of Directors

Please refer to the relevant sections of the 2025 Annual Report of the Company published on the websites of the Company and HKEx for the main content of the 2025 Work Report of the Board of Directors.

LETTER FROM THE BOARD

The resolution was considered and approved at the meeting of the Board held on March 26, 2026 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

iv. 2025 Work Report of the Board of Supervisors

Please refer to the Appendix III of this circular for the main content of the 2025 Work Report of the Board of Supervisors.

This resolution is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

v. 2025 Annual Profit Distribution Proposal

Based on the financial status and the operation and development status of the Company, the Company did not have any profit available for distribution so far and hence the Board did not recommend the payment of a final dividend for the year ended December 31, 2025.

This resolution has been considered and approved at the meeting of the Board held on March 26, 2026 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

vi. 2026 Remuneration of Directors

For the remuneration of the Directors and Supervisors of the Company for 2025, please refer to the relevant sections of the 2025 Annual Report of the Company published on the websites of the Company and Hong Kong Stock Exchange. The Company has formulated the 2026 remuneration plan for Directors based on its operations and governance, the details of which are as follows:

1. as the executive Directors all hold positions in the Company, their remuneration shall be based on the remuneration received for their positions in the Company, and shall be finalized in accordance with the provisions of the Company's remuneration and performance appraisal management system. They shall not receive separate remuneration as Directors;
2. non-executive Directors will not receive remuneration as Directors; and
3. the remuneration standard for the independent non-executive Directors of the second session of the Board of Directors is RMB240,000 per annum (pre-tax) (compared to RMB150,000 per annum (pre-tax) prior to the re-election), payable in equal quarterly instalments.

LETTER FROM THE BOARD

This resolution was considered and approved at the meeting of the Board of Directors held on March 26, 2026, and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

vii. Re-Appointment of Auditors For the Year 2026

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the re-appointment of Ernst & Young as the auditors of the Company for the year 2026, for a term commencing from the date of approval at the Annual General Meeting until the conclusion of the next annual general meeting of the Company, and to authorize the Board to determine the specific matters in relation to such appointment.

The annual audit fees for the year 2026 agreed upon with the auditors are estimated to be approximately RMB2,850,000 (pre-tax), an amount determined by the Company's Board of Directors and audit committee after taking into account market rates, scope of work, and audit schedule. As Ernst & Young is relatively familiar with the Company's finances and affairs, the Board considers that the estimated audit fees agreed upon with the auditor constitute a fair and reasonable estimate made after due consideration, taking into account the facts and circumstances known as of the Latest Practicable Date. Furthermore, the engagement of Ernst & Young to perform the audit and other related work for the Group for the year ending 31 December 2026 will be more efficient and is in the best interests of the Company and its shareholders as a whole.

This resolution was considered and approved at the meeting of the Board of Directors held on March 26, 2026, and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

viii. Election of Directors of the Second Session of the Board of Directors

The term of office of the first session of the Board of Directors of the Company will expire in July 2026. Pursuant to the relevant provisions of the Company Law and other laws, regulations, normative documents and the Articles of Association, and taking into account the Company's arrangements to adjust the composition of the Board of Directors, ordinary resolutions (by way of cumulative voting) will be proposed at the Annual General Meeting to consider and approve the election of the following candidates as Directors of the second session of the Board of Directors:

- (i) Dr. Liu Yanjun, Ms. Wang Zheng and Ms. Li Cui, the existing executive Directors, will stand for re-election as executive Directors of the second session of the Board of Directors;
- (ii) Ms. Lin, Chia-ling, Mr. Diao Junhuan and Mr. Li Chen, the existing non-executive Directors, will stand for re-election as non-executive Directors of the second session of the Board of Directors; and
- (iii) Mr. Cai Zhongxi, Dr. Zeng Fanyi, Dr. Ju Dianwen and Mr. Zhang Senquan, the existing independent non-executive Directors, will stand for re-election as independent non-executive Directors of the second session of the Board of Directors.

LETTER FROM THE BOARD

According to the new Company Law, the board of directors of a joint stock limited company may include a member of the board of directors who shall be an employee representative of the company. The employee representative Director shall be elected through democratic means by the employee representative congress of the Company (which is expected to be held concurrently with the upcoming Annual General Meeting). The election of such Director is not subject to the approval of the Shareholders, provided that a resolution is passed by the Shareholders to approve the proposed amendments to the Articles of Association to establish the role of the employee representative Director.

The term of office of each Director shall commence from the date of approval at the Annual General Meeting and end at the conclusion of the shareholders' general meeting at which the new session of the Board is elected.

The aforementioned candidates for Directors all meet the qualification requirements for the position of Director as stipulated in the relevant laws, regulations and the Articles of Association. Each of the candidates for independent non-executive Director of the second session of the Board has also confirmed that (i) he/she is independent as regards the factors set out in Rules 3.13(1) to (8) of the Listing Rules; (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any relationship with any core connected person (as defined under the Listing Rules) of the Company; and (iii) there are no other factors that may affect his/her independence at the time of his/her appointment. The biographical details of the candidates for Directors of the second session of the Board are set out in Appendix I to this circular.

Save as disclosed in this circular, each of the candidates for Director of the second session of the Board (i) has not held any other directorship in any other listed company in Hong Kong or overseas in the last three years and does not have any other major appointments and professional qualifications; (ii) has not held any other position with the Company or any of its subsidiaries; (iii) does not have any other interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (iv) does not have any other relationship with other Directors, Supervisors, senior management or substantial or controlling Shareholders of the Company.

Save as disclosed in this circular, there is no other information relating to the election of each of the Director candidates that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters relating to their election that need to be brought to the attention of the Shareholders.

The Company will seek Shareholders' approval for Directors' remuneration by way of a separate resolution at the Annual General Meeting. Subject to the approval of the election of each Director (excluding the employee representative Director) by the Shareholders at the Annual General Meeting, the Company will enter into a service contract with each Director, which will cover the respective remuneration of each Director.

This resolution was considered and approved at the meeting of the Board of Directors held on March 26, 2026, and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

LETTER FROM THE BOARD

ix. General Mandate to Issue Shares

A special resolution will be proposed at the Annual General Meeting to consider and approve the grant of a general mandate (the “**Issuance Mandate**”) to the Board to allot, issue and deal with additional Shares not exceeding 20% of the total number of Shares in issue (excluding Treasury Shares) as at the date of the passing of the resolution.

Details of the Issuance Mandate are as follows:

(a) *Principal Terms of the Issuance Mandate*

- (i) the grant of an unconditional general mandate to the Board and/or its authorized persons to, separately or concurrently, allot, issue and deal with additional Shares during the Relevant Period (as defined below), provided that the number of additional Shares to be allotted, issued and dealt with as approved by the Board shall not exceed 20% of the total number of Shares in issue (excluding Treasury Shares) as at the date of the passing of the resolution at the Annual General Meeting (including but not limited to H Shares, Domestic Shares, warrants, convertible bonds and other securities with rights to subscribe for or convert into Shares, and other share options);
- (ii) the Board and/or its authorized person(s) be authorized to formulate and implement an issuance and/or sale or transfer plan(s) in the exercise of the Issuance Mandate, including but not limited to the class (Domestic Shares or H Shares) and number of new Shares to be issued, the pricing mechanism and/or issue price and/or sale or transfer price (including a price range), the method of issuance and/or sale or transfer, the allottees and/or purchasers or transferees, the use of proceeds, the timing of issuance and/or sale or transfer, the period of issuance and/or sale or transfer, whether to allot and/or sell or transfer Shares to existing Shareholders, and any other matters which may otherwise be required by the relevant laws, regulations or the Listing Rules;
- (iii) the Board and/or its authorized person(s) be authorized to handle the increase in the registered capital of the Company, to make corresponding amendments to the Articles of Association of the Company to reflect the Shares authorized to be issued pursuant to this resolution, and to carry out the relevant procedures to reflect the increase in registered capital;
- (iv) to authorize the Board and/or its authorized persons to engage intermediaries in connection with the relevant issuance and/or sale or transfer matters pursuant to the Issuance Mandate; to approve and execute all acts, deeds, documents and other related matters necessary, appropriate, desirable or relevant for the issuance and/or sale or transfer; to consider, approve and

LETTER FROM THE BOARD

execute agreements related to the issuance and/or sale or transfer on behalf of the Company, including but not limited to placing and underwriting agreements and intermediary engagement agreements;

- (v) to authorize the Board and/or its authorized persons to approve and execute documents relating to the issuance and/or sale or transfer on behalf of the Company, perform necessary approval procedures, and complete all necessary filings, registrations and records with the relevant authorities (as applicable);
- (vi) to authorize the Board and/or its authorized persons to amend the relevant agreements and statutory documents in accordance with the requirements of regulatory authorities within and outside the PRC; and
- (vii) the Board be authorized to sub-delegate the implementation of the issuance and/or sale or transfer plan to the Chairman, provided that the Board shall not sub-delegate the issuance of Shares in whole or in substantial part to its authorized person(s) without having determined the share issuance plan.

(b) Period of Validity of the Issuance Mandate

The Relevant Period means the period from the date of the passing of this resolution at the Annual General Meeting until whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the date on which the authority referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Company.

As at the Latest Practicable Date, there were 325,981,465 Shares in issue (excluding Treasury Shares). Assuming that the number of Shares (excluding Treasury Shares) remains unchanged on the date of passing the relevant special resolution, the Company will be entitled to allot and issue a maximum of 65,196,293 Shares.

x. General Mandate to Repurchase H Shares

A special resolution will be proposed at the Annual General Meeting to consider and approve the grant of a general mandate (the “**Repurchase Mandate**”) to the Board to repurchase H Shares not exceeding 10% of the total number of H Shares in issue (excluding Treasury Shares) as at the date of the passing of the resolution proposed at the Annual General Meeting.

LETTER FROM THE BOARD

Details of the Repurchase Mandate are as follows:

(a) *Principal Terms of the Repurchase Mandate*

- (i) the grant of an unconditional general mandate to the Board and/or its authorized persons to repurchase H Shares during the Relevant Period (as defined below), provided that the number of Shares to be repurchased as approved by the Board shall not exceed 10% of the total number of H Shares in issue (excluding Treasury Shares) as at the date of the passing of the resolution at the Annual General Meeting;
- (ii) to authorize the Board and/or its authorized persons to formulate and implement the repurchase plan when exercising the Repurchase Mandate, including but not limited to the timing of repurchase, the period of repurchase, the price of repurchase, the quantity of repurchase and the purpose of repurchase (including the cancellation of the repurchased Shares or holding the repurchased Shares as Treasury Shares);
- (iii) to authorize the Board and/or its authorized persons to notify creditors and make announcements in accordance with applicable laws, regulations and the Articles of Association, and to handle matters relating to the exercise of rights by creditors (if applicable);
- (iv) to authorize the Board and/or its authorized persons to open offshore share accounts and capital accounts, and to perform the corresponding foreign exchange registration procedures;
- (v) to authorize the Board and/or its authorized persons to complete the relevant approval or filing procedures in accordance with applicable laws and regulations (if applicable);
- (vi) the Board and/or its authorized persons be authorized to hold the repurchased Shares as Treasury Shares or handle the cancellation of repurchased Shares, reduce the registered capital of the Company, make corresponding amendments to the Articles of Association, and carry out the relevant procedures to reflect the reduction in registered capital;
- (vii) the Board and/or its authorized persons be authorized to approve and execute, on behalf of the Company, relevant documents and carry out required approval procedures, and in the event of any changes in market conditions, except for matters that require a re-vote at a general meeting under relevant laws and regulations and the Company's Articles of Association, to adjust the repurchase plan and continue to handle repurchase-related matters in accordance with

LETTER FROM THE BOARD

relevant national regulations, requirements of relevant government departments and securities regulatory authorities, market conditions and the actual operations of the Company;

- (viii) to authorize the Board and/or its authorized persons to utilize funds that comply with relevant regulatory requirements to conduct the repurchase, such as the Company's idle self-owned funds and self-raised funds;
- (ix) the Board be authorized to sub-delegate the implementation of the repurchase plan to the Chairman, provided that the Board shall not sub-delegate the matters of share repurchase in whole or in substantial part to its authorized person(s) without having determined the share repurchase plan.

(b) Period of Validity of the Repurchase Mandate

The Relevant Period means the period from the date of the passing of this resolution at the Annual General Meeting until whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the date on which the authority referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Company.

As at the Latest Practicable Date, the number of H Shares in issue of the Company was 154,327,250. Assuming that the number of Shares remains unchanged on the date of the passing of the special resolution, the Company will be entitled to repurchase up to 15,432,725 H Shares. An explanatory statement in connection with the Repurchase Mandate is set out in Appendix II to this circular.

xi. Proposed Abolition of the Board of Supervisors and Amendments to the Articles of Association and Related Policies

With effect from July 1, 2024, the amendments to the Company Law of the People's Republic of China (the "**Company Law**") have officially come into force. The amendments introduced by the Company Law include, but are not limited to, reforming the corporate capital system and organizational structure, as well as permitting the replacement of the Board of Supervisors with an audit committee. On December 27, 2024, the CSRC issued the "Arrangements for the Transitional Period for the Implementation of Supporting Systems and Rules under the New Company Law", which clarified that starting from January 1, 2026, enterprises applying for initial public offering and listing and listed companies shall exercise the powers and functions of the Board of Supervisors through the establishment of an audit committee, and shall abolish the Board of Supervisors or supervisors.

In order to comply with the requirements of the CSRC and to further streamline the corporate governance structure and improve decision-making efficiency, the Company will no longer have and will formally abolish the Board of Supervisors, and the audit committee of the Board of the Company shall exercise the powers and functions of the Board of Supervisors as

LETTER FROM THE BOARD

stipulated in the Company Law; the Company proposes to appoint one employee representative Director in accordance with the provisions of the Company Law, who shall be elected as the employee representative Director by the employee representative congress of the Company through democratic means, and the employee representative congress is expected to be held concurrently with the upcoming Annual General Meeting (such election is not subject to the approval of the Annual General Meeting).

It is proposed to amend the Articles of Association and relevant corporate governance policies, such as the Rules of Procedure for General Meetings, the Rules of Procedure for Board Meetings, and the Terms of Reference for Independent Non-executive Directors, in respect of the aforementioned changes. The main aspects of the proposed amendments to the Articles of Association are: (i) the removal of the Board of Supervisors; (ii) the establishment of the role of an employee representative Director; and (iii) consequential amendments made as a result of such legal and regulatory changes. The audit committee of the Board shall perform the statutory duties and powers conferred on the Board of Supervisors by the new Company Law and the Articles of Association.

The specific details of the proposed amendments to the Articles of Association are set out in Appendix IV to this circular. Upon the proposed amendments to the Articles of Association, the numbering of other original articles and cross-references will be adjusted accordingly. The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the Annual General Meeting to become effective.

Prior to the approval of the proposed amendments to the Articles of Association and the abolition of the Board of Supervisors, the Board of Supervisors shall continue to perform its duties and powers with due diligence to safeguard the interests of the Company and all Shareholders.

Details of the proposed amendments to the relevant policies are set out in Appendices V to X to this circular. Upon the proposed amendments to the relevant policies, the numbering of other original articles and cross-references will be adjusted accordingly. The proposed amendments to the relevant policies of the Company are subject to approval by the Shareholders by way of a special resolution at the Annual General Meeting before they can become effective. The Company's PRC legal advisers and Hong Kong legal advisers have confirmed that the proposed amendments to the Articles of Association comply with the relevant requirements of PRC laws and regulations and the Listing Rules. The Company further confirms that there is nothing unusual about the proposed amendments for a PRC joint stock company with H shares listed on the Stock Exchange.

3. ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS OF H SHARES

A notice of the AGM is set out on pages 157 to 160 of this circular. A proxy form to be used at the AGM or any adjournment thereof is also enclosed herein and published on the website of HKEx. Shareholders who intend to appoint a proxy to attend the AGM shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

LETTER FROM THE BOARD

For Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarized copy of that power of attorney or other authority, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time for holding the AGM or any adjournment thereof in order for such documents to be valid.

The register of members of the H Shares will be closed from May 20, 2026 to May 26, 2026 (both days inclusive), during which period no transfer of H Shares will be effected. For unregistered Shareholders who intend to attend the AGM, all share certificates and the relevant transfer documents must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on May 19, 2026. Shareholders whose names appear on the register of members of the H Shares on May 26, 2026 will be entitled to attend and vote at the AGM.

4. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions proposed at the AGM will be voted by poll.

5. RECOMMENDATION

The Directors consider that all resolutions proposed at the AGM are in the interests of the Company and its Shareholders as a whole. As such, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the AGM.

6. RESPONSIBILITY STATEMENT

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

By order of the Board
Shanghai Bao Pharmaceuticals Co., Ltd.
Dr. Liu Yanjun
*Chairman of the Board and
Executive Director*

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

EXECUTIVE DIRECTORS

Dr. Liu Yanjun (劉彥君), aged 61, is a co-founder of our Group, the chairman of our Board and an executive Director. He is primarily responsible for the overall strategic planning of our Group and making key business and operational decisions of our Group. Dr. Liu is the chairman of both the Nomination Committee and Strategy Committee of the Board.

Dr. Liu has been serving as a Director of our Company since its inception and the chairman of our Board since September 2020, and was re-designated as an executive Director in January 2025. Dr. Liu has also been serving as a director and chairman of board of directors of Suzhou Centergene since January 2021 and a director of ABLINK Biotechnology Co., Ltd. (成都盛世君聯生物技術有限公司) since May 2021.

Dr. Liu has over 35 years of experiences in the medical and pharmaceutical industry. He served as a teaching assistant at the Department of Naval Medicine of Second Military Medical University (第二軍醫大學) (currently known as Naval Medical University (中國人民解放軍海軍軍醫大學)) from July 1989 to September 1991. From July 1998 to August 1999, he served as an attending physician and lecturer at the Cancer Immunotherapy and Gene Therapy Center of the Second Military Medical University Eastern Hepatobiliary Surgery Hospital (第二軍醫大學東方肝膽外科醫院) (currently known as Shanghai Eastern Hepatobiliary Surgery Hospital (上海東方肝膽外科醫院)). He also served as the director and associate researcher at the Second Military Medical University Molecular Biology Laboratory of Cancer Research Institute (第二軍醫大學腫瘤研究所分子生物學研究室) from August 1999 to January 2001. He further served as the vice general manager of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (HKEx: 1349) from January 2001 to February 2012. He then served as vice president of Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司) (HKEx: 2607; SSE: 601607) from June 2013 to June 2019, and served various positions at subsidiaries of Shanghai Pharmaceuticals Holding Co., Ltd., including president at Central Research Institution of Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司中央研究院) and the chairman of Shanghai Jiaolian Medicine Research and Development Co., Ltd. (上海交聯藥物研發有限公司) (currently known as Shanghai Shangyao Cross Linked Pharmaceutical Technology Co., Ltd. (上海上藥交聯醫藥科技有限公司)).

Dr. Liu obtained his bachelor's degree in naval medicine, master's degree in pharmacology, and doctoral degree in surgery from Second Military Medical University (第二軍醫大學) (currently known as Naval Medical University (中國人民解放軍海軍軍醫大學)) in the PRC in July 1989, July 1994, and June 1998, respectively. Dr. Liu has published more than 30 research papers, and is the inventor of more than 50 patents. Dr. Liu passed the Shanghai Natural Science Research Series Senior Professional and Technical Position Qualification (上海市自然科學研究系列高級專業技術職務任職資格) in April 2005 and was granted a senior professional title and recognized as a researcher.

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

Dr. Liu served as a post-doctoral fellow and visiting scholar at San Diego Sidney Kimmel Cancer Center in California, the United States. He is the vice chairman of the fifth council of China Medicinal Biotech Association (中國醫藥生物技術協會第五屆理事會) and the chairman of the Ninth Shanghai Engineering Series Medical Professional Senior Professional Technical Qualification Review Committee (上海市工程系列醫藥專業高級專業技術職務任職資格評審委員會). He currently serves as a committee member of the Biological Products Supervision and Management Professional Committee of China Society for Drug Regulation (中國藥品監督管理研究會) and Shanghai Biomedical Industry Technology Functional Platform Expert Committee (上海市生物醫藥產業技術功能型平台專家委員會). He serves as the vice chairman of the Shanghai Federation of Industry and Commerce Biomedical Chamber (上海市工商聯生物醫藥商會), and the chairman of the Shanghai Baoshan District Biomedical Industry Federation (上海市寶山區生物醫藥產業聯合會). Dr. Liu is a recipient of the State Council Special Allowance (國務院特殊津貼).

Dr. Liu was (i) the executive director and general manager of Suzhou Hailian Biotechnology Co., Ltd. (蘇州海立安生物科技有限公司), which was de-registered in December 2013, (ii) the executive partner and partner of Suzhou Baoji Jucai Management Consulting Partnership Enterprise (Limited Partnership) (蘇州寶濟聚才管理諮詢合夥企業(有限合夥)), which was de-registered in February 2021, (iii) the executive partner and partner of Suzhou Baoji Juneng Management Consulting Partnership Enterprise (Limited Partnership) (蘇州寶濟聚能管理諮詢合夥企業(有限合夥)), which was de-registered in February 2021, (iv) the executive partner and partner of Suzhou Hongsheng Management Consulting Partnership Enterprise (Limited Partnership) (蘇州鴻晟管理諮詢合夥企業(有限合夥)), which was de-registered in July 2021, and (v) the partner of Shanghai Zhiyuan Investment Center (Limited Partnership) (上海志淵投資中心(有限合夥)), which was de-registered in January 2022. As of the time of the deregistration, the aforementioned companies and enterprises were not insolvent, nor had any outstanding liabilities nor were involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration of the aforementioned companies and enterprises was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against the aforementioned companies, enterprises and Dr. Liu, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Dr. Liu, Ms. Wang, and Mr. Tan (collectively, the “**Concert Parties**”) entered into an acting-in-concert agreement (the “**AIC Agreement**”) on March 10, 2021, pursuant to which the Concert Parties had confirmed and agreed that they would: (i) act in concert with respect to the matters relating to the daily operations, key matters or any other matters required to be approved by the shareholders’ meetings or board meetings of the Company; (ii) consult each other and reach a consensus before voting at board meetings and/or shareholders’ meetings of the Company; and (iii) in the event that the Concert Parties fail to reach a consensus, vote based on Dr. Liu’s opinion. As such, each of the Concert Parties and the Share Incentive

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

Platforms is deemed to be interested in the Shares each other is interested in under the SFO. As at the Latest Practicable Date, Dr. Liu, together with other Concert Parties, holds an aggregate interest of 40.57%, representing 25,956,915 H Shares and 106,290,230 domestic shares.

Ms. Wang Zheng (王徵), aged 49, is a co-founder of our Group, an executive Director and Chief Executive Officer of our Company. She is primarily responsible for the business operations, R&D and overall operation management of our Group. Ms. Wang is the member of Remuneration Committee of the Board.

Ms. Wang has been serving as the general manager and a Director of our Company since September 2020 and was re-designated as an executive Director in January 2025. She has also been serving as the general manager of Suzhou Kangju since August 2011, the general manager of Suzhou Centergene since July 2014 and the director and general manager of Hainan Baoji since February 2022.

Ms. Wang has over 20 years of experience in genetic engineering drug development and has participated in and led more than 10 national, provincial, and municipal scientific research projects. She has extensive theoretical knowledge and practical experience in protein hormone drugs and recombinant protein drugs. Prior to establishing our Group, she served as project manager at Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (HKEx: 1349) from September 2001 to July 2010, where she focused on genetic engineering drug development. Ms. Wang joined Suzhou Kangju in August 2011 and has been primarily focusing on genetic engineering drug development and has successfully built technology platforms and pipeline products.

Ms. Wang obtained a bachelor's degree and a master's degree in microbiology from Huazhong Agricultural University (華中農業大學) in the PRC in June 1998 and June 2001, respectively. In December 2014, Ms. Wang was recognized as the Science and Technology Leading Talent of Suzhou Industrial Park JinjiHu Dual Hundred Talents Program (蘇州市金雞湖雙百人才計劃—科技領軍人才) by Chinese Communist Party Suzhou Industrial Park Working Committee and Suzhou Industrial Park Administrative Committee. In December 2021, she received the Zhangjiang Outstanding Innovation and Entrepreneurship Talent Award (張江傑出創新創業人才) from Shanghai Science and Technology Innovation Center Construction Office and Shanghai Municipal Human Resources and Social Security Bureau. In January 2023, she was recognized as Shanghai Industrial Elite Leading Talent (上海產業菁英領軍人才) by the Shanghai Economic and Information Technology Working Committee and Shanghai Economic and Information Technology Commission. In December 2023, she was selected for the Oriental Talent Program Outstanding Project (東方英才計劃拔尖項目) by the Shanghai Municipal Committee Talent Work Leading Group Office.

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

Ms. Wang was a supervisor of Suzhou Hailian Biotechnology Co., Ltd. (蘇州海立安生物科技有限公司) (“**Suzhou Hailian**”), which was de-registered in December 2013. As of the time of the deregistration, Suzhou Hailian was not insolvent, nor had any outstanding liabilities nor was involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration of Suzhou Hailian was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against Suzhou Hailian and Ms. Wang, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Dr. Liu, Ms. Wang, and Mr. Tan (collectively, the “**Concert Parties**”) entered into an acting-in-concert agreement (the “**AIC Agreement**”) on March 10, 2021, pursuant to which the Concert Parties had confirmed and agreed that they would: (i) act in concert with respect to the matters relating to the daily operations, key matters or any other matters required to be approved by the shareholders’ meetings or board meetings of the Company; (ii) consult each other and reach a consensus before voting at board meetings and/or shareholders’ meetings of the Company; and (iii) in the event that the Concert Parties fail to reach a consensus, vote based on Dr. Liu’s opinion. As such, each of the Concert Parties and the Share Incentive Platforms is deemed to be interested in the Shares each other is interested in under the SFO. As at the Latest Practicable Date, Ms. Wang, together with other Concert Parties, holds an aggregate interest of 40.57%, representing 25,956,915 H Shares and 106,290,230 domestic shares.

Ms. Li Cui (李翠), aged 39, has served as our Chief Financial Officer since December 2021, secretary to the Board since July 2023, and an executive Director since January 2025. She is responsible for overseeing financial management, corporate governance, investor relations, and capital markets activities of our Group. Ms. Li is the member of the Strategy Committee of the Board.

Prior to joining our Group, Ms. Li served as auditor at Deloitte Touche Tohmatsu Certified Public Accountants LLP Suzhou Branch (德勤華永會計師事務所(特殊普通合夥)蘇州分所) from July 2008 to November 2010. She then worked as assurance manager at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) from November 2010 to July 2017. Ms. Li also served as financial director at Yikon Genomics (Shanghai) Co., Ltd. (上海億康醫學檢驗所有限公司) from July 2017 to October 2017, followed by a position as deputy financial general manager at New World Department Stores (Holdings) Limited (新世界百貨(中國)有限公司) from October 2017 to August 2018. She then served as financial director at PPDai Group Inc. (上海拍拍貸金融信息服務有限公司) from August 2018 to December 2020. She was the financial director at Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司) (HKEEx: 6998) from December 2020 to December 2021.

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

Ms. Li obtained a bachelor's degree in finance from Shanghai University (上海大學) in the PRC in July 2008 and an executive master of business administration (EMBA) degree from Fudan University (復旦大學) in the PRC in June 2024. She has been admitted as a member of the Chinese Certified Public Accountants certified by the Shanghai Institute of Certified Public Accountants (上海註冊會計師協會) since September 2017.

As at the Latest Practicable Date, Ms. Li has been granted share awards held by Shanghai Luoxu, Ningbo Hongsheng and Shanghai Luojuun (three employee incentive platforms) under the Pre-IPO Share Incentive Plan. Shanghai Luoxu holds a total of 5,625,000 H Shares and 13,125,000 Domestic Shares. Ms. Li holds a 0.99% partnership interest in Shanghai Luoxu, corresponding to 185,455 Domestic Shares. Ningbo Hongsheng holds a total of 1,363,620 H Shares and 3,181,785 Domestic Shares. Ms. Li holds a 1.05% partnership interest in Ningbo Hongsheng, corresponding to 47,695 Domestic Shares. Shanghai Luojuun holds a total of 3,109,680 H Shares and 7,255,915 Domestic Shares. Ms. Li holds a 5.62% partnership interest in Shanghai Luojuun, corresponding to 582,500 Domestic Shares.

NON-EXECUTIVE DIRECTORS

Ms. Lin Chia-Ling (林佳陵), aged 41, was appointed as a non-executive Director in January 2025. She is primarily responsible for participating in major decisions on our Group's operations and development. Ms. Lin is the member of Strategy Committee of the Board.

Ms. Lin currently holds director, supervisor and senior management positions in the following companies including director and chairman of board of directors of BioEngine Technology Development Inc. (玉晟管理顧問股份有限公司) since June 2018 and October 2023, respectively; director of Glac Biotech Co., Ltd. (豐華生物科技股份有限公司) since July 2024; director of Lumosa Therapeutics Co., Ltd. (順天醫藥生技股份有限公司) (TWO: 6535) since May 2024; director and manager of organizational development and human resources department at Center Laboratories, Inc. (晟德大藥廠股份有限公司) (TWO: 4123) since June 2016 and January, 2023, respectively; director of Cytoengine Co., Ltd. (顯晟生醫股份有限公司) since January 2023; supervisor of LeJean Biotech Co., Ltd. (儷榮科技股份有限公司) since September 2011; supervisor of Jason Technology Co., Ltd. (佳軒科技股份有限公司) since November 2011; supervisor of Royal Foods Co., Ltd (歐室食品股份有限公司) since November 2011; and director of Lead Trend Limited since December 2021.

Ms. Lin obtained a bachelor's degree in economics from McMaster University in Canada in June 2008.

Mr. Diao Juanhuan (刁雋桓), aged 55, was appointed as a Director in August 2022 and was re-designated as a non-executive Director in January 2025. He is primarily responsible for participating in major decisions on our Group's operations and development. Mr. Diao is the member of Audit Committee of the Board.

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

Mr. Diao has extensive experience in finance and investment management. He has been serving as a partner at Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) since January 2008.

From December 1996 to December 1998, Mr. Diao served as the general manager at the securities trade business department of Jun'an Securities Co., Ltd., Lanzhou Longxi Road Securities Trading Branch (君安證券股份有限公司蘭州隴西路證券交易營業部) (currently known as Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (HKEx: 2611; SSE: 601211), being responsible for various securities trade assignments and overseeing the operation of the branch. He then served as the general manager at Shenzhen Aofan Investment Co., Ltd. (深圳市翱帆投資股份有限公司) from August 1999 to November 2002. From December 2002 to December 2007, Mr. Diao successively worked at Shenzhen Jiuyi Investment Co., Ltd. (深圳市九夷投資有限責任公司) and China Guangfa Bank Co., Ltd., Shenzhen Branch (廣發銀行股份有限公司深圳分行).

Mr. Diao currently is a non-executive director of the following companies: Baiwang Co., Ltd. (百望股份有限公司) (HKEx: 6657) since January 2020; Shenzhen Hua'ao Data Technology Co., Ltd. (深圳市華傲資料技術有限公司) since January 2020; and Ningbo Hicon Industry Co., Ltd. (寧波惠康實業有限公司) since June 2011. Mr. Diao also serves as a director of Jingjing Pharmaceutical Co., Ltd. (精晶藥業股份有限公司) (NEEQ: 835033) since June 2011.

Mr. Diao obtained a bachelor's degree in international trade from Shenzhen University (深圳大學) in the PRC in July 1995, and an executive master of business administration (EMBA) degree from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2011.

Mr. Diao was (i) the director of SINOMINE FORTUNE (HONG KONG) INTERNATIONAL MINING INVESTMENT CO., LIMITED (中礦富海(香港)國際礦業投資有限公司), which was dissolved in October 2020, (ii) the director of SINOMINE FORTUNE (HONG KONG) OVERSEAS INVESTMENT CO., LIMITED (中礦富海(香港)海外投資有限公司), which was dissolved in July 2020, (iii) the director of SINOMINE FORTUNE (HONG KONG) OVERSEAS RESOURCES INVESTMENT CO., LIMITED (中礦富海(香港)海外資源投資有限公司), which was dissolved in July 2020, (iv) the partner of Tianjin Xincheng Fuhai Equity Investment Fund Partnership Enterprise (Limited Partnership) (天津新成富海股權投資基金合夥企業(有限合夥)), which was de-registered in December 2010, (v) the chairman of Beijing Guohaitianyi Software Technology Co., Ltd. (北京股海天易軟件科技有限公司), which was de-registered in November 2004, (vi) the director of Shenzhen Bosun Investment Co., Ltd. (深圳市伯孫投資有限公司), which was de-registered in December 2008, (vii) the executive partner and partner of Ganzhou Fuhai Yongxiang Investment Management Enterprise (Limited Partnership) (贛州富海永翔投資管理企業(有限合夥)), which was de-registered in September 2024, and (viii) the director and general manager of Gansu Silk Road Fuhai Fund Management Co., Ltd. (甘肅絲路富海基金管理有限公司), which was de-registered in September 2020. As of the time of the deregistration or dissolution, the aforementioned companies and enterprises were not insolvent, nor had any outstanding liabilities nor were involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration or dissolution of

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

the aforementioned companies and enterprises was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against the aforementioned companies, enterprises and Mr. Diao, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Mr. Li Chen, aged 44, was appointed as a Director in July 2024 and was re-designated as a non-executive Director in January 2025. He is primarily responsible for participating in major decisions on our Group's operations and development. Mr. Li is the member of the Strategy Committee of the Board.

From June 2010 to September 2015, Mr. Li successively served as a senior associate and vice president of investment banking division at CITIC Securities Company Limited (中信證券股份有限公司) (SSE: 600030; HKEx: 6030). Mr. Li also successively served as a vice president and director of the investment banking division at Lazard Frères & Co. (Lazard商務諮詢(北京)有限責任公司) (currently known as Lazard Inc.) from February 2016 to September 2018. From October 2018 to December 2021, he served as the managing director at Shanghai Pharmaceuticals (HK) Investment Limited (上海醫藥(香港)投資有限公司). From January 2022 to July 2025, Mr. Li served as executive director and managing director at Shanghai Biopharmaceutical Industry Equity Investment Fund Management Co., Ltd. (上海生物醫藥產業股權投資基金管理股份有限公司). Since July 2025, Mr. Li has been serving as partner and co-president at Shanghai Biomedical Mergers and Acquisitions Private Equity Fund Partnership (Limited Partnership) (上海生物醫藥併購私募基金合夥企業(有限合夥)).

Mr. Li has been serving as a non-executive director in the following companies including Shanghai Huiyong Pharmaceutical Research Co., Ltd. (上海惠永藥物研究有限公司) since January 2021; Hugobiotech Limited since March 2022, Shanghai PSI and Light Genomics Technology Co., Ltd. (上海譜希和光基因科技有限公司) since August 2022; ReLive Biotechnologies, Ltd. since January 2023; and Chengdu Kanghua Biological Products Co., Ltd. (成都康華生物製品股份有限公司) since November 2025.

Mr. Li obtained a bachelor's degree in business administration from University of Washington in May 2004 in the United States and a Juris Doctor degree from Loyola Law School in the United States in May 2009. Mr. Li was admitted to the California State Bar in January 2010.

Mr. Li was a governor of AZALEA INVESTMENTS, LLC, a company incorporated in the State of Washington in the United States, which was dissolved in September 2020. As of the time of the dissolution, AZALEA INVESTMENTS, LLC was not insolvent, nor had any outstanding liabilities nor was involved in any pending claims. To the best knowledge of our Directors, the reason for dissolution of AZALEA INVESTMENTS, LLC was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against AZALEA INVESTMENTS, LLC and Mr. Li, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cai Zhongxi (蔡仲曦), aged 61, was appointed as a Director in July 2024 and was re-designated as an independent non-executive Director in January 2025. He is responsible for supervising and offering independent judgement to the Board. Mr. Cai is the member of both Nomination Committee and Strategy Committee of the Board.

Mr. Cai worked in the sales department of Shenzhen Southern Pharmaceutical Factory (深圳南方製藥廠) (currently known as San Jiu Enterprise Group (三九企業集團)) from May 1991 to February 1993. From August 1995 to December 2005, Mr. Cai held various positions at several subsidiaries of China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司) (SSE: 600511), including deputy general manager and general manager. Mr. Cai then served as chairman of Shanghai Shengtai Medical Technology Co., Ltd. (上海盛泰醫療科技有限公司) (currently known as Sinopharm Group Med-Tech Co., Ltd. (國藥控股醫療器械有限公司)) from July 2006 to May 2010, followed by the position of deputy general manager at Sinopharm Holding Co., Ltd. (國藥控股股份有限公司) (HKEx: 1099) from July 2010 to June 2017. He also served as independent director of Guangdong Taiantang Pharmaceutical Co., Ltd. (廣東太安堂藥業股份有限公司) from January 2023 to July 2024, which was delisted from the Shenzhen Stock Exchange on July 5, 2024.

Mr. Cai serves as a partner at Hongsheng (Zhejiang Free Trade Zone) Equity Investment Fund Management Partnership Enterprise (Limited Partnership) (弘盛(浙江自貿區)股權投資基金管理合夥企業(有限合夥)) since September 2017, the chairman and founding partner at Shanghai Hongsheng Junhao Equity Investment Fund Management Co., Ltd. (上海弘盛君浩股權投資基金管理有限公司) since September 2020, and an independent director at C.Q. Pharmaceutical Holding Co., Ltd. (重藥控股股份有限公司) (SZSE: 000950) since November 2023.

Mr. Cai obtained a bachelor's degree in military medicine from Naval Medical University (中國人民解放軍海軍軍醫大學) (formerly known as the Second Military Medical University (第二軍醫大學)) in the PRC in July 1989 and a master of business administration (MBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2014.

Mr. Cai was (i) the director of ZHONG YI TRADING (HONGKONG) LIMITED (仲意貿易(香港)有限公司), which was dissolved in September 2018, (ii) the director of Suzhou Ailongshengtai Medical Technology Co., Ltd. (蘇州艾隆盛泰醫療科技有限公司), which was de-registered in August 2009, (iii) the executive director of Shanghai Fuyi Precision Medicine Laboratory Co., Ltd. (上海復醫精準醫學檢驗所有限公司), which was de-registered in August 2024, and (iv) the director of Shanghai Dongshi Pharmaceutical Information Co., Ltd. (上海東氏醫藥信息有限公司), which was de-registered in November 2022. As of the time of the deregistration or dissolution, the aforementioned companies were not insolvent, nor had any outstanding liabilities nor were involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration or dissolution of the aforementioned companies was

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against the aforementioned companies and Mr. Cai, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Dr. Zeng Fanyi (曾凡一), aged 58, was appointed as a Director in July 2024 and was re-designated as an independent non-executive Director in January 2025. She is responsible for supervising and offering independent judgement to the Board. Dr. Zeng is the member of the Nomination Committee of the Board.

From July 2005 to December 2006, Dr. Zeng served as deputy researcher and assistant to the director at the Institute of Medical Genetics, Shanghai Jiao Tong University (上海交通大學) and further served as a researcher, doctoral supervisor, and deputy director from December 2006 to January 2015. From October 2007 to October 2017, she also served as the director and doctoral supervisor at the Laboratory of Developmental Biology, School of Medicine, Shanghai Jiao Tong University (上海交通大學).

Dr. Zeng is a senior researcher, executive director and general manager at Shanghai Fanyi Biotechnology Co., Ltd. (上海凡翼生物科技有限公司) since March 2012, and an executive director and chief financial officer at Shanghai Fanyi Biotechnology Co., Ltd. (上海凡奕生物科技有限公司) since August 2011. She is also a director of Maxmed Biotechnology Corporation since October 2024. She has served as a director of Shanghai Fanyi Biotech Development Co., Ltd. (上海凡奕生物科技發展有限公司) since April 2025.

Dr. Zeng obtained a bachelor's degree in biochemistry and cell biology from the University of California San Diego in the United States in June 1991, and a dual doctoral degree (M.D. & Ph.D.) in medicine and science from the University of Pennsylvania in the United States in May 2005. Dr. Zeng also obtained a doctoral degree in finance from Chinese Academy of Social Sciences (中國社會科學院) in the PRC in October 2014. In addition, Dr. Zeng obtained a master's degree in engineering management from the University of Illinois Chicago in the United States in May 2014 and a master's degree in public administration from the University of Nebraska Omaha in the United States in May 2015.

Dr. Zeng was awarded with Second Prize of State Natural Science Award (國家自然科學獎二等獎) by the State Council of the PRC in January 2015 and First Prize of Natural Science Award (自然科學獎一等獎) by the Ministry of Education of the PRC in January 2008. Since November 2018, Dr. Zeng has been serving as executive director of Genetics Society of China (中國遺傳協會) and chairman of the Human and Medical Genetics Committee (人類與醫學遺傳專委會). Dr. Zeng is a recipient of the State Council Special Allowance (國務院特殊津貼).

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

Dr. Zeng was the chairman and general manager of Shanghai Fanhua Biotechnology Co., Ltd. (上海凡華生物技術有限公司) (“**Shanghai Fanhua**”), which was de-registered in August 2004. As of the time of the deregistration, Shanghai Fanhua was not insolvent, nor had any outstanding liabilities nor was involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration of Shanghai Fanhua was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against Shanghai Fanhua and Dr. Zeng, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Dr. Ju Dianwen (鞠佃文), aged 57, was appointed as an independent Director in July 2024 and was re-designated as an independent non-executive Director in January 2025. He is responsible for supervising and offering independent judgement to the Board. Dr. Ju is the member of the Audit Committee of the Board and chairman of the Remuneration Committee of the Board.

Dr. Ju has extensive experience in medical research, biotechnology, and academia. Prior to joining our Group, Dr. Ju successively served as teaching assistant and lecturer in the Department of Medical Immunology at Naval Medical University (中國人民解放軍海軍軍醫大學) (formerly known as the Second Military Medical University (第二軍醫大學)) from September 1994 to August 2002. He then served as deputy general manager at Shanghai MediPharm Biotech Co., Ltd. (上海美恩生物技術有限公司) from August 2002 to January 2011. Since January 2011, Dr. Ju has been serving as principal investigator of Department of Biomedicines, School of Pharmacy, Fudan University (復旦大學). He has been serving as a scientific advisor at Novatim Immune Therapeutics (Zhejiang) Co., Ltd. (科奕(浙江)藥業科技有限公司) since October 2019.

Dr. Ju has been serving as an independent director at Chengdu Olymvax Biopharmaceuticals Inc. (成都歐林生物科技股份有限公司) (SSE: 688319) since July 2025 and Suzhou Wangshan Wangshui Biopharmaceutical Co., Ltd. (蘇州旺山旺水生物醫藥股份有限公司) since March 2023. He has also been serving as a director at Shanghai Xingshen Biotechnology Co., Ltd (上海行深生物科技股份有限公司) (currently known as Xingshen Biotechnology (Hangzhou) Co., Ltd. (行深生物科技(杭州)有限公司)) since April 2020 and Shanghai Xinze Venture Capital Management Co., Ltd. (上海莘澤創業投資管理股份有限公司) since December 2019. He is a supervisor at Shanghai Dongci Biotechnology Co., Ltd. (上海東慈生物科技股份有限公司) since March 2019. He served as an independent director at Shanghai Baolong Pharmaceutical Co., Ltd. (上海寶龍藥業股份有限公司) from March 2020 to December 2024.

**APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES
FOR THE SECOND SESSION OF THE BOARD**

Dr. Ju obtained a bachelor's degree in pharmacy, a master's degree in pharmacology, and a doctoral degree in medical immunology from Naval Medical University (中國人民解放軍海軍軍醫大學) (formerly known as the Second Military Medical University (第二軍醫大學)) in the PRC in July 1991, July 1994, and July 1999, respectively. In December 2014, Dr. Ju was awarded the Second Prize of National Science and Technology Progress Award (國家科學技術進步二等獎) by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部). Dr. Ju has been serving as a committee member of the Biochemistry and Biotechnology Pharmaceuticals Committee of Shanghai Pharmaceutical Association (上海藥學會生化與生物技術藥物委員會) since August 2020, and a committee member of the Fourth Monoclonal Antibody Professional Committee of China Medical Biotech Association (中國生物醫藥技術協會第四屆單克隆抗體專業委員會) since October 2021.

Mr. Zhang Senquan (張森泉), formerly known as Mr. Zhang Min (張敏), aged 49, was appointed as an independent non-executive Director in January 2025. He is responsible for supervising and offering independent judgement to the Board. Mr. Zhang is the chairman of the Audit Committee of the Board and member of the Remuneration Committee of the Board.

Mr. Zhang has more than 20 years of experience in accounting, auditing and management. From October 1999 to October 2000, he was an auditor in the audit department of Deloitte Touche Tohmatsu CPA Ltd. (德勤華永會計師事務所). From November 2000 to February 2008, he worked at KPMG Huazhen (畢馬威華振會計師事務所) with last position as an audit senior manager. From February 2008 to November 2012, Mr. Zhang worked in the assurance department of Ernst & Young Hua Ming (安永華明會計師事務所) with last position as a partner. From March 2013 to April 2014, Mr. Zhang served as the head of the strategic development department of Goodbaby International Holdings Limited (好孩子國際控股有限公司) (HKEx: 1086). From May 2014 to July 2015, he served as a joint company secretary and the chief financial officer of Huazhong Holdings Company Limited (華眾控股有限公司) (currently known as Huazhong In-Vehicle Holdings Company Limited (華眾車載控股有限公司) (HKEx: 6830)). From February 2016 to March 2020, he held various positions in Southwest Securities International Securities Limited (西證國際證券股份有限公司) (HKEx: 0812), including as the head of China business department and managing director. From May 2018 to July 2024, he was the chief executive officer of Zhong Rui Capital (Hong Kong) Limited (中瑞資本(香港)有限公司). Mr. Zhang also served as an independent non-executive director at TYK Medicines, Inc. (浙江同源康醫藥股份有限公司) (HKEx: 2410) from January 2024 to September 2025, Sang Hing Holdings (International) Ltd. (生興控股(國際)有限公司) (HKEx: 1472) from January 2020 to April 2023 and Jiande International Holdings Limited (建德國際控股有限公司) (HKEx: 0865) from October 2016 to December 2024. Mr. Zhang also served as the company secretary of Guanze Medical Information Industry (Holding) Co., Ltd. (HKEx: 2427) from September 2021 to December 2025.

Currently, Mr. Zhang is the audit principal at Nortex (HK) CPA Limited (諾德(香港)會計師事務所有限公司) since March 2022. He has also been serving as a joint company secretary at Zhonggan Communication (Group) Holdings Limited (中贛通信(集團)控股有限公司) (HKEx: 2545) since July 2025, and company secretary at China General Education Group Limited (中國通才教育集團有限公司) (HKEx: 2175) since October 2020 and Yunhong Guixin Group Holdings Limited (運鴻矽鑫集團控股有限公司) (HKEx: 8349) since March 2026. He is an independent non-executive director in the following companies: Chenqi Technology Limited (如祺出行科技有限公司) (HKEx: 9680) since June 2024; Strawbear Entertainment Group (稻草熊娛樂集團) (HKEx: 2125) since December 2020; and Natural Food International Holding Limited (五穀磨房食品國際控股有限公司) (HKEx: 1837) since November 2018. He also serves as an independent director at Shandong Weigao Blood Purification Products Co., Ltd. (山東威高血液淨化製品股份有限公司) (SSE: 603014) since May 2022.

Mr. Zhang obtained a bachelor's degree in investment economics from Fudan University (復旦大學) in the PRC in July 1999. Mr. Zhang has been admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2001, a member of the Hong Kong Institute of Certified Public Accountants since September 2011 and further admitted as a member of the American Institute of Certified Public Accountants since September 2015.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to enable the Shareholders to make an informed decision on whether to vote for or against the grant of the Repurchase Mandate.

I. LISTING RULES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below. The Company is empowered by the Articles of Association to repurchase its own securities.

II. SHARE CAPITAL

As at the Latest Practicable Date, the total number of Shares issued by the Company was 325,981,465 (comprising 171,654,215 Domestic Shares and 154,327,250 H Shares). Subject to the passing of the special resolution granting the Repurchase Mandate and on the basis that the number of Shares remains unchanged as at the date of the passing of the special resolution, the Company may repurchase pursuant to the Repurchase Mandate a maximum of 15,432,725 H Shares, being up to 10% of the total H Shares (excluding Treasury Shares) in issue as at the date of the passing of the resolution.

III. REASONS FOR REPURCHASE

The Directors believe that the flexibility afforded by the Repurchase Mandate in relation to the repurchase of H Shares is in the interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

IV. FUNDING OF REPURCHASES

In repurchasing its H Shares, the Company may only apply funds from the Company's internal resources or funds procured from other sources legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations of the PRC, including but not limited to surplus funds and undistributed profits of the Company. The Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

V. IMPACT ON WORKING CAPITAL

Subject to the compliance with the Listing Rules and all applicable laws and regulations, the Company may cancel any H Shares it repurchased and/or hold them as Treasury Shares subject to, for example, market conditions and its capital management need at the relevant time of the repurchases.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the 2025 Annual Report in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. The Board intends to utilize the Proposed Share Repurchase Mandate to conduct Share repurchases in the open market from time to time as it considers appropriate, subject to the market conditions during the authorization period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels.

VI. GENERAL

None of the Directors and, to the best of knowledge of the Directors having made all reasonable enquiries, their close associates (as defined in the Listing Rules) have any present intention to sell to the Company any of the H Shares in the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any H Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is granted to the Company.

For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to Hong Kong Securities Clearing Company Limited (HKSCC) to vote at general meetings for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the Treasury Shares from CCASS, and either re-register them in the Company's own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the PRC and the Articles of Association.

VII. IMPLICATIONS UNDER THE TAKEOVERS CODE

If as a result of a repurchase of Shares by the Company pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the Concert Parties, Shanghai Luoxu, Ningbo Hongsheng and Shanghai Luojun (collectively, the “**Controlling Shareholders**”) were collectively interested in 25,956,915 H Shares and 106,290,230 Domestic Shares, representing 40.57% of the total issued Shares (excluding any treasury shares). In the event that the Directors exercise the Repurchase Mandate in full, assuming no further Shares are issued by the Company, the shareholding of the Controlling Shareholders will increase to approximately 42.58% of the total issued Shares (excluding any treasury shares). Such increase will give rise to an obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to repurchase the H Shares to the extent that will trigger the obligations under the Takeovers Code. Save as aforesaid, to the best knowledge and belief of the Directors, the Directors are not aware of any consequence which would arise under the Takeovers Code or any similarly applicable laws as a result of any repurchases to be made under the Repurchase Mandate. Moreover, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would result in the aggregate number of Shares held by public Shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

VIII. REPURCHASE OF SHARES BY THE COMPANY

The Company had not purchased any H Shares on the Stock Exchange or otherwise during the six months immediately preceding the Latest Practicable Date.

IX. H SHARE PRICES

The highest and lowest prices at which the H Shares have traded on the Stock Exchange from the Listing Date up to the Latest Practicable Date were as follows:

Month	Highest (HK\$)	Lowest (HK\$)
December 2025 (Since the Listing Date)	81.80	56.00
January 2026	108.20	61.40
February 2026	206.00	95.85
March 2026	167.80	74.90
April 2026 (As at the Latest Practicable Date)	116.80	25.52

X. CONFIRMATION

The Company confirms that neither this explanatory statement nor the Repurchase Mandate has any unusual features.

In 2025, the Board of Supervisors of Shanghai Bao Pharmaceuticals Co., Ltd. (hereinafter referred to as the “**Company**”) strictly complied with the relevant provisions of the Company Law, the Securities Law, the Articles of Association, the Rules of Procedure for the Board of Supervisors and other applicable laws and regulations. With a commitment to being responsible to all shareholders, the Board of Supervisors diligently performed its duties as prescribed by laws and regulations, and carried out its work actively and effectively. It has effectively inspected and supervised the Company’s production and operational activities, financial condition, and the performance of duties by its Directors and senior management, thereby safeguarding the legitimate rights and interests of the Company and its shareholders, and ensuring the Company’s compliant operation. The work report of the Board of Supervisors for the year 2025 is hereby presented as follows:

I. DAILY OPERATIONS OF THE BOARD OF SUPERVISORS IN 2025

During 2025, the Board of Supervisors of the Company held three meetings, at which all proposals were considered and approved. The convening and voting procedures of these meetings complied with the relevant laws, regulations and normative documents, as well as the provisions of the Articles of Association and the Rules of Procedure for the Board of Supervisors. Details are as follows:

No.	Date	Meeting Title	Proposals Considered and Approved
1	January 6, 2025	The 4th Meeting of the First Session of the Board of Supervisors of Shanghai Bao Pharmaceuticals Co., Ltd.	<p>Proposal 1: Proposal on the Company’s Initial Public Offering of Overseas Listed Foreign Shares (H Shares) and Listing on the Main Board of The Stock Exchange of Hong Kong Limited;</p> <p>Proposal 2: Proposal on the Plan for the Company’s Initial Public Offering of Overseas Listed Foreign Shares (H Shares) and Listing on the Main Board of The Stock Exchange of Hong Kong Limited;</p> <p>Proposal 3: Proposal on the Plan for the Utilization of the Proceeds Raised from the Public Offering of H Shares;</p> <p>Proposal 4: Proposal on the Company’s Application for the H Share Full Circulation Scheme;</p> <p>Proposal 5: Proposal on the Replacement of a Supervisor;</p> <p>Proposal 6: Proposal on the Plan for the Distribution of Accumulated Undistributed Profits and Assumption of Losses Before the Initial Public Offering of Overseas Listed Foreign Shares (H Shares) and Listing;</p> <p>Proposal 7: Proposal on Formulating the Company’s Internal Governance Systems Applicable After the Listing of H Shares;</p> <p>Proposal 8: Proposal on Amending the Internal Governance Systems of Shanghai Bao Pharmaceuticals Co., Ltd.</p>

No.	Date	Meeting Title	Proposals Considered and Approved
2	January 24, 2025	The 5th Meeting of the First Session of the Board of Supervisors of Shanghai Bao Pharmaceuticals Co., Ltd.	Proposal 1: Proposal on Electing the Chairman of the Board of Supervisors
3	June 10, 2025	The 6th Meeting of the First Session of the Board of Supervisors of Shanghai Bao Pharmaceuticals Co., Ltd.	Proposal 1: Proposal on the 2024 Work Report of the Board of Supervisors; Proposal 2: Proposal on the 2024 Annual Report; Proposal 3: Proposal on the 2024 Final Accounts and 2025 Financial Budget Report; Proposal 4: Proposal on the 2024 Annual Profit Distribution Proposal.

II. OPINIONS OF THE BOARD OF SUPERVISORS ON RELEVANT MATTERS FOR 2025

(I) Compliance in the Company's Operations

During 2025, the Company operated in compliance with the relevant laws and regulations, as well as the provisions of the Articles of Association. The general meetings and the Board of Directors operated in a standardized manner, with their decision-making processes being lawful and compliant, and their resolutions being legally valid. The Directors and senior management, in the performance of their duties, did not violate any laws, regulations or the provisions of the Articles of Association, nor did any circumstances arise that would harm the interests of the Company or its shareholders.

(II) Financial Position

During 2025, the Board of Supervisors inspected and supervised the Company's financial systems and financial position. The Board of Supervisors is of the opinion that the management of the Company conscientiously implemented the resolutions of the Board of Supervisors, and that the Directors, the General Manager and other senior management performed their duties lawfully and in compliance with regulations, with no actions taken that would harm the interests of the Company or the rights and interests of its shareholders. The Company has a sound financial management system, operates with standardized financial practices and maintains a sound financial position. The financial statements are free from material omissions or misstatements, and fairly and objectively reflect the financial position and operating results of the Company.

(III) Connected Transactions

During 2025, the Board of Supervisors inspected and supervised the connected transactions entered into by the Company. The Board of Supervisors is of the opinion that the connected transactions conducted by the Company in 2025 strictly complied with the requirements of relevant laws and regulations, and underwent the corresponding statutory procedures. These connected transactions were consistent with the actual needs of the Company's strategic development, and were conducted in an open, fair and impartial manner. There was no transfer of benefits, no impact on the Company's independence, and no harm to the interests of the Company or its shareholders.

(IV) External Guarantees

During 2025, the Company did not provide any external guarantees in violation of regulations, nor did any other circumstances occur that would harm the interests of the Company's shareholders or result in the loss of the Company's assets.

(V) Internal Control

During 2025, the Board of Supervisors inspected and supervised the establishment and operation of the Company's internal control system. It found no material deficiencies in the design or implementation of the Company's internal controls. It is the view of the Board of Supervisors that the Company has preliminarily established a relatively comprehensive internal control system, which is effectively implemented, meeting the needs of the Company's current operational management and development, ensuring the sound operation of the Company's businesses and controlling operational risks.

ARTICLES OF ASSOCIATION

OF

**Shanghai Bao
Pharmaceuticals Co., Ltd.**

(~~1~~ December, May 20256)

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 5 The Chairman of the board of directors is the legal representative of the Company. If the chairman of the board of directors, serving as the legal representative, resigns, he/she shall be deemed to have resigned from the position of the legal representative at the same time. If the legal representative resigns, the Company shall appoint a new legal representative within 30 days from the date of the resignation of the legal representative.</p>	<p>Article 5 The Chairman of the board of directors is the legal representative of the Company. A director who executes the Company's affairs on behalf of the Company is the legal representative of the Company. The chairman of the board of directors of the Company shall be a director responsible for executing the Company's affairs. If the chairman of the board of a directors, serving as the legal representative, resigns, he/she shall be deemed to have resigned from the position of the legal representative at the same time. If the legal representative resigns, the Company shall appoint a new legal representative within 30 days from the date of the resignation of the legal representative.</p> <p><u>The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company.</u></p> <p><u>Restrictions on the powers of the legal representative under the Articles of Association or by the shareholders' general meeting shall not be asserted against a bona fide counterparty.</u></p> <p><u>If the legal representative causes damage to others while performing his/her duties, the Company shall bear civil liability. After assuming civil liability, the Company may recover compensation from the legal representative who is at fault in accordance with the law or the Articles of Association.</u></p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 7</p> <p>.....</p> <p>The Articles of Association of the Company shall become a legally binding document that regulates the organization and behavior of the Company, the rights and obligations between the Company and its shareholders, and between shareholders from the effective date, and shall be legally binding on the Company, its shareholders, directors, supervisors and senior management. Pursuant to these Articles of Association, shareholders may sue shareholders; shareholders may sue the directors, supervisors, managers and other senior management of the Company; and shareholders may sue the Company, and the Company may sue shareholders, directors, supervisors, managers and other senior management of the Company.</p> <p>.....</p>	<p>Article 7</p> <p>.....</p> <p>The Articles of Association of the Company shall become a legally binding document that regulates the organization and behavior of the Company, the rights and obligations between the Company and its shareholders, and between shareholders from the effective date, and shall be legally binding on the Company, its shareholders, directors, supervisors and senior management. Pursuant to these Articles of Association, shareholders may sue shareholders; shareholders may sue the directors <u>and</u>, supervisors, managers and other senior management of the Company; and shareholders may sue the Company, and the Company may sue shareholders, directors <u>and</u>, supervisors, managers and other senior management of the Company.</p> <p>.....</p>
<p>Article 14 All shares issued by the Company have par value, with a par value of RMB0.2 per share.</p>	<p>Article 14 The par value shares issued by the Company <u>shall be denominated in RMB</u>, All shares issued by the Company have par value, with a par value of RMB0.2 per share.</p>
<p>Article 21 Except for the implementation of the employee stock ownership scheme, the Company shall not provide gifts, loans, guarantees and other financial assistance for others to obtain shares of the Company or its parent company.</p> <p>.....</p>	<p>Article 21 Except for the implementation of the employee stock ownership scheme, the Company <u>or its subsidiaries (including any enterprise affiliated to it) shall not provide any financial assistance, by way of donation, advanced payment, guarantee or loan, etc,</u> shall not provide gifts, loans, guarantees and other financial assistance for others to obtain shares of the Company or its parent company.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 22 The Company may, upon resolution by the general meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:</p> <p>(1) public offering of shares;</p> <p>(2) non-public offering of shares;</p> <p>.....</p>	<p>Article 22 The Company may, upon resolution by the general meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:</p> <p>(1) public offering of share;<u>offering of shares to unspecified targets;</u></p> <p>(2) non-public offering of shares;<u>offering of shares to specified targets;</u></p> <p>.....</p>
<p>Article 24 The Company shall not repurchase its own shares except in the following circumstances:</p> <p>.....</p> <p>(6) circumstances necessary for a listed company to safeguard corporate value and general equity;</p> <p>.....</p>	<p>Article 24 The Company shall not repurchase its own shares except in the following circumstances:</p> <p>.....</p> <p>(6) circumstances necessary for a listed company to safeguard corporate value and general equity;</p> <p>.....</p>
<p>Article 25 The Company may acquire its own shares through public centralized transactions, or other methods approved by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, securities regulatory authorities, stock exchanges and other relevant regulatory authorities.</p> <p>If the Company acquires its own shares pursuant to any of the circumstances stipulated in (3), (5) and (6) of paragraph 1 of Article 24 of the Articles of Association, the acquisition of the shares of the Company shall be conducted through a public concentration transaction, subject to the requirements of the Listing Rules and the regulatory rules and guidelines of the Hong Kong Stock Exchange.</p>	<p>Article 25 The Company may acquire its own shares through public centralized transactions, or other methods approved by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, securities regulatory authorities, stock exchanges and other relevant regulatory authorities.</p> <p>If the Company acquires its own shares pursuant to any of the circumstances stipulated in (3), (5) and (6) of paragraph 1 of Article 24 of the Articles of Association, the acquisition of the shares of the Company shall be conducted through a public concentration transaction, subject to the requirements of the Listing Rules and the regulatory rules and guidelines of the Hong Kong Stock Exchange.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 26 If the Company acquires its own shares due to the circumstances specified in (1) and (2) of Paragraph 1 of Article 24 of the Articles of Association, it shall be subject to a resolution of the general meeting. If the Company acquires its own shares due to the circumstances specified in (3), (5), and (6) of the first paragraph of Article 24 of the Articles of Association, it may, pursuant to the Articles of Association or the authorization of the general meeting, be subject to a resolution of a board meeting at which more than two-thirds of directors are present.</p> <p>.....</p>	<p>Article 26 If the Company acquires its own shares due to the circumstances specified in (1) and (2) of Paragraph 1 of Article 24 of the Articles of Association, it shall be subject to a resolution of the general meeting. If the Company acquires its own shares due to the circumstances specified in (3), (5), and (6) of the first paragraph of Article 24 of the Articles of Association, it may, pursuant to the Articles of Association or the authorization of the general meeting, be subject to a resolution of a board meeting at which more than two-thirds of directors are present.</p> <p>.....</p>
<p>Article 27 After the Company has repurchased shares in accordance with the law, it shall cancel the part of its shares within the time limit prescribed by laws and administrative regulations, and apply to the original company registration authority for change of registered capital. After the Company has acquired its shares pursuant to Paragraph 1 of Article 24 of the Articles of Association, under the circumstance stipulated in item (1), the shares of the Company so acquired shall be canceled within 10 days from the date of acquisition; under the circumstances stipulated in either item (2) or item (4) above, the shares of the Company so acquired shall be transferred or canceled within six months; under the circumstances stipulated in item (3), (5) or (6), the total shares of the Company held by the Company shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or canceled within three years.</p> <p>.....</p>	<p>Article 27 After the Company has repurchased shares in accordance with the law, it shall cancel the part of its shares within the time limit prescribed by laws and administrative regulations, and apply to the original company registration authority for change of registered capital. After the Company has acquired its shares pursuant to Paragraph 1 of Article 24 of the Articles of Association, under the circumstance stipulated in item (1), the shares of the Company so acquired shall be canceled within 10 days from the date of acquisition; under the circumstances stipulated in either item (2) or item (4) above, the shares of the Company so acquired shall be transferred or canceled within six months; under the circumstances stipulated in item (3), (5) or (6), the total shares of the Company held by the Company shall not exceed 10% of the Company's total outstanding shares, and shall be transferred or canceled within three years.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 30 The shares in issue of the Company prior to the public offering of the shares are not transferable within one year from the listing of the shares of the Company on a stock exchange. If laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of the shares of the Company held by shareholders and actual controllers of listed companies, such provisions shall prevail.</p> <p>Directors, supervisors and senior management of the Company shall make disclosure to the Company of the shares held by them and the change of such shareholding; every year during the term of their office, they shall not transfer shares exceeding 25% of the total number of shares they held; the shares they held are not transferable within one year from the listing of the shares of the Company. They, within six months from their resignation or termination of their office, shall not transfer the shares of the Company.</p> <p>.....</p>	<p>Article 30 The shares in issue of the Company prior to the public offering of the shares are not transferable within one year from the listing of the shares of the Company on a stock exchange. If laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of the shares of the Company held by shareholders and actual controllers of listed companies, such provisions shall prevail.</p> <p>Directors,—supervisors—and senior management of the Company shall make disclosure to the Company of the shares held by them and the change of such shareholding; every year during the term of their office, they shall not transfer shares exceeding 25% of the total number of shares they held; the shares they held are not transferable within one year from the listing of the shares of the Company. They, within six months from their resignation or termination of their office, shall not transfer the shares of the Company.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 31 If any of the shareholders, directors, supervisors and senior management of the Company holding more than 5% shares in the Company sells stocks or other equity securities in the Company held by him/her within six months after purchase, or purchases such stocks or other equity securities within six months after sale, the proceeds resulting therefrom shall belong to the Company, which will be recovered by the board of directors of the Company, except for any securities company, Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited which hold more than 5% shares in the Company due to purchase of the remaining stocks after the underwriting, and other circumstances provided by the securities regulatory authorities, stock exchanges and other relevant regulatory authorities of the place where the Company's shares are listed.</p> <p>For the purpose of the preceding paragraph, stocks or other equity securities held by directors, supervisors, senior management or natural person shareholders include those held by their spouses, parents, children and held through others' accounts.</p> <p>.....</p>	<p>Article 31 If any of the shareholders, directors,—supervisors—and senior management of the Company holding more than 5% shares in the Company sells stocks or other equity securities in the Company held by him/her within six months after purchase, or purchases such stocks or other equity securities within six months after sale, the proceeds resulting therefrom shall belong to the Company, which will be recovered by the board of directors of the Company, except for any securities company, Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited which hold more than 5% shares in the Company due to purchase of the remaining stocks after the underwriting, and other circumstances provided by the securities regulatory authorities, stock exchanges and other relevant regulatory authorities of the place where the Company's shares are listed.</p> <p>For the purpose of the preceding paragraph, stocks or other equity securities held by directors,supervisors, senior management or natural person shareholders include those held by their spouses, parents, children and held through others' accounts.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 32 During the period when the overseas listed foreign shares (H Shares) of the Company are listed on the Hong Kong Stock Exchange, the Company must ensure that all documents of title of all of its securities listed on the Hong Kong Stock Exchange (including the H Shares) include the following statement, and must indicate and procure its share registrar to refuse to register the subscription, purchase or transfer of shares in the name of any individual holder, unless and until such individual holder lodges with such registrar a duly signed form in respect of such share which shall include the following statement:</p> <p>.....</p> <p>(2) the purchaser of the shares, each of the Company's shareholders, directors, supervisors, general manager and other senior management agree, and the Company acting on behalf of itself and each of the directors, supervisors, general manager and senior management, also agree with each shareholder that, all disputes and claims arising from these Articles of Association, or disputes or claims relating to the Company's affairs arising from the rights and obligations under the Company Law, the Listing Rules and other relevant PRC laws and administrative laws, shall be submitted to arbitration for settlement in accordance with the provisions of the Articles of Association, and that any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and announce its verdict. Such arbitration shall be final and conclusive;</p> <p>.....</p>	<p>Article 32 During the period when the overseas listed foreign shares (H Shares) of the Company are listed on the Hong Kong Stock Exchange, the Company must ensure that all documents of title of all of its securities listed on the Hong Kong Stock Exchange (including the H Shares) include the following statement, and must indicate and procure its share registrar to refuse to register the subscription, purchase or transfer of shares in the name of any individual holder, unless and until such individual holder lodges with such registrar a duly signed form in respect of such share which shall include the following statement:</p> <p>.....</p> <p>(2) the purchaser of the shares, each of the Company's shareholders, directors, supervisors, general manager and other and senior management agree, and the Company acting on behalf of itself and each of the directors, supervisors, general manager and senior management, also agree with each shareholder that, all disputes and claims arising from these Articles of Association, or disputes or claims relating to the Company's affairs arising from the rights and obligations under the Company Law, the Listing Rules and other relevant PRC laws and administrative laws, shall be submitted to arbitration for settlement in accordance with the provisions of the Articles of Association, and that any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and announce its verdict. Such arbitration shall be final and conclusive;</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>(4) the purchaser of the shares authorizes the Company to enter into a contract on his/her behalf with each of the directors, general manager and other senior management, pursuant to which such directors, general manager and other senior management undertake to observe and fulfill their obligations to shareholders as stipulated in the Articles of Association.</p>	<p>(4) the purchaser of the shares authorizes the Company to enter into a contract on his/her behalf with each of the directors, general manager and other and senior management, pursuant to which such directors, general manager and other senior management undertake to observe and fulfill their obligations to shareholders as stipulated in the Articles of Association.</p>
<p>Article 36 Shareholders of the Company enjoy the following rights:</p> <p>.....</p> <p>(5) if the securities regulatory rules of the places where the shares of the Company are listed have other provisions for inspecting the Articles of Association, the register of members (including the Hong Kong branch register), the corporate bond stubs, the minutes of general meetings, the resolutions of the board of directors meetings, the resolutions of the board of supervisors meetings and the financial and accounting reports, such provisions shall prevail;</p> <p>.....</p>	<p>Article 36 Shareholders of the Company enjoy the following rights:</p> <p>.....</p> <p>(5) if the securities regulatory rules of the places where the shares of the Company are listed have other provisions for inspecting <u>and copying</u> the Articles of Association, the register of members (including the Hong Kong branch register), the corporate bond stubs, the minutes of general meetings, the resolutions of the board of directors meetings, the resolutions of the board of supervisors meetings and the financial and accounting reports, <u>and shareholders who meet the prescribed requirements can access the Company's accounting books and vouchers</u>, such provisions shall prevail;</p> <p>.....</p>
<p>Article 37 If a shareholder proposes to review the relevant information as mentioned in the preceding article or request materials, he/she shall provide the Company with written documents certifying the types and quantity of shares of the Company he/she holds, and the Company shall provide such documents as required by the shareholder after verifying the identity of the shareholder.</p> <p>The provisions of the preceding paragraph may also be applied when shareholders request to view or reproduce relevant materials of the Company's wholly-owned subsidiaries.</p>	<p>Article 37 If a shareholder <u>requests to inspect and copy relevant materials of the Company</u> proposes to review the relevant information as mentioned in the preceding article or request materials, he/she shall <u>comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations</u>, and provide the Company with written documents certifying the types and quantity of shares of the Company he/she holds, and the Company shall provide such documents as required by the shareholder after verifying the identity of the shareholder.</p> <p>The provisions of the preceding paragraph may also be applied when shareholders request to view or reproduce relevant materials of the Company's wholly-owned subsidiaries.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 38 Shareholders have the right to request the court to invalidate any resolutions of the general meetings or the board of directors in violation of laws and administrative regulations.</p> <p>If the convening procedures and voting methods of the general meetings and the board of directors’ meetings of the Company are in violation of laws, administrative regulations or the Articles of Association, or the content of the resolutions violates the Articles of Association, the shareholders have the right to file a petition with the court to rescind the resolutions within 60 days from the date of the resolutions. However, exceptions are made where there are only minor flaws in the convening procedures and voting methods of the general meetings and the board of directors’ meetings and have no substantial impact on the resolution.</p>	<p>Article 38 Shareholders have the right to request the court to invalidate any resolutions of the general meetings or the board of directors in violation of laws and administrative regulations.</p> <p>If the convening procedures and voting methods of the general meetings and the board of directors’ meetings of the Company are in violation of laws, administrative regulations or the Articles of Association, or the content of the resolutions violates the Articles of Association, the shareholders have the right to file a petition with the court to rescind the resolutions within 60 days from the date of the resolutions. However, exceptions are made where there are only minor flaws in the convening procedures and voting methods of the general meetings and the board of directors’ meetings and have no substantial impact on the resolution.</p> <p><u>Where the board of directors, shareholders and other stakeholders dispute the validity of a resolution of a shareholders’ meeting, they shall promptly file a lawsuit with the people’s court. Before the people’s court makes a judgement or ruling, the stakeholders shall execute the resolution of the shareholders’ meeting, and no entity shall refuse to execute the resolution of the shareholders’ meeting on the ground that the resolution is invalid. The Company, directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.</u></p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
	<p><u>Where the people’s court makes a judgement or ruling on a relevant matter, the Company shall fulfil its obligation to disclose the information in accordance with the laws, administrative regulations, the requirements of the CSRC and the stock exchange where the Company’s shares are listed, fully explain the impact, and actively co-operate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.</u></p>
Newly added Article	<p>Article 39 <u>Resolutions of a general meeting or a board meeting of the Company shall be invalid in any of the following circumstances:</u></p> <p><u>(1) the resolution was not made by a general meeting or a board meeting;</u></p> <p><u>(2) the resolution was not voted on at a general meeting or a board meeting;</u></p> <p><u>(3) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and the Articles of Association;</u></p> <p><u>(4) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and the Articles of Association.</u></p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 39 If directors and senior management violate laws, administrative regulations or the provisions of the Articles of Association when performing their duties and cause losses to the Company, shareholders who individually or collectively hold more than 1% of the Company's shares for more than 180 consecutive days have the right to request the board of supervisors in writing to file a lawsuit with the People's Court.</p> <p>If the board of supervisors violates laws, administrative regulations or the provisions of the Articles of Association when performing their duties and cause losses to the Company, shareholders may request the board of directors in writing to file a lawsuit with the People's Court. If the board of supervisors and the board of directors refuse to file a lawsuit after receiving the written request of the shareholders as stipulated in the preceding paragraph, or fail to file a lawsuit within 30 days from the date of receipt of the request, or if the situation is urgent and the interests of the Company will be irreparably harmed if the Company does not file a lawsuit, the shareholders specified in the preceding paragraph have the right to file a lawsuit directly with the People's Court in their own name for the benefit of the Company.</p> <p>If others infringe upon the legitimate rights and interests of the Company and cause losses to the Company, the shareholders specified in the first paragraph of this article may file a lawsuit with the People's Court in accordance with the provisions of the previous two paragraphs.</p>	<p>Article 40 If directors <u>who are not a member of the audit committee</u> and senior management violate laws, administrative regulations or the provisions of the Articles of Association when performing their duties and cause losses to the Company, shareholders who individually or collectively hold more than 1% of the Company's shares for more than 180 consecutive days have the right to request the <u>audit committee</u> board of supervisors in writing to file a lawsuit with the People's Court. If the <u>audit committee</u> board of supervisors violates laws, administrative regulations or the provisions of the Articles of Association when performing their duties and cause losses to the Company, <u>the aforesaid</u> shareholders may request the board of directors in writing to file a lawsuit with the People's Court.</p> <p>If the <u>audit committee</u> board of supervisors and the board of directors refuse to file a lawsuit after receiving the written request of the shareholders as stipulated in the preceding paragraph, or fail to file a lawsuit within 30 days from the date of receipt of the request, or if the situation is urgent and the interests of the Company will be irreparably harmed if the Company does not file a lawsuit, the shareholders specified in the preceding paragraph have the right to file a lawsuit directly with the People's Court in their own name for the benefit of the Company.</p> <p>If others infringe upon the legitimate rights and interests of the Company and cause losses to the Company, the shareholders specified in the first paragraph of this article may file a lawsuit with the People's Court in accordance with the provisions of the previous two paragraphs.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
	<p><u>Where a director, supervisor or senior management of a wholly-owned subsidiary of the Company violates laws, administrative regulations, or these Articles of Association in the course of performing his/her duties and causes losses to the Company, or where others infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, shareholders individually or collectively holding more than 1% of the Company's shares for more than 180 consecutive days may, in accordance with the first three paragraphs of Article 189 of the Company Law, request the board of directors of the wholly-owned subsidiary in writing to initiate legal proceedings in the People's Court, or directly initiate legal proceedings in the People's Court in their own name.</u></p> <p><u>If a wholly-owned subsidiary of the Company does not have a supervisory board or supervisors, but has an audit committee, it shall be executed in accordance with the provisions of paragraphs 1 and 2 of this Article.</u></p>
<p>Article 41 Shareholders of the Company shall have the following obligations:</p> <p>.....</p> <p>(3) not to return shares unless prescribed otherwise in laws and regulations;</p> <p>.....</p>	<p>Article 42 Shareholders of the Company shall have the following obligations:</p> <p>.....</p> <p>(3) not to return shares <u>withdraw of share capital</u> unless prescribed otherwise in laws and regulations;</p> <p>.....</p>
<p>Article 42 Shareholders holding 5% or more of the voting shares of the Company who pledge their shares shall submit a written report to the Company as of the date of such pledge.</p>	<p>Deleted the Article</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 43 The controlling shareholders and the actual controllers of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they violate such provision and caused losses to the Company, they shall be liable for compensation.</p> <p>The controlling shareholders and the actual controllers of the Company shall have fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholders shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholders shall not harm the legitimate rights and interests of the Company and other shareholders through means such as profit distribution, asset restructuring, external investment, possession of capital and borrowing guarantees, and shall not make use of its controlling status against the interests of the Company and the public shareholders. If the controlling shareholders and actual controllers violate the relevant laws, regulations and the Articles of Association and cause losses to the Company and the public shareholders, they shall be liable for compensation.</p> <p>If the Listing Rules and other applicable laws and regulations have provisions on the protection of small and medium-sized investors, the Company shall comply with such provisions.</p>	<p>Article 43 The controlling shareholders and the actual controllers of the Company shall <u>exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, and the rules of the CSRC and the stock exchange to safeguard the interests of the Company.</u> not use their connected relationship to act in detriment to the interests of the Company. If they violate such provision and caused losses to the Company, they shall be liable for compensation.</p> <p>The controlling shareholders and the actual controllers of the Company shall have fiduciary duties towards the Company and public shareholders of the Company. The controlling shareholders shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholders shall not harm the legitimate rights and interests of the Company and other shareholders through means such as profit distribution, asset restructuring, external investment, possession of capital and borrowing guarantees, and shall not make use of its controlling status against the interests of the Company and the public shareholders. If the controlling shareholders and actual controllers violate the relevant laws, regulations and the Articles of Association and cause losses to the Company and the public shareholders, they shall be liable for compensation.</p> <p><u>Article 44 The controlling shareholder and the actual controller of the Company shall abide by the following provisions:</u></p> <p><u>(1) shall exercise shareholders' rights in accordance with the law without abusing their control rights or using their connected relationship to harm the legitimate rights and interests of the Company or other shareholders;</u></p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder of the Company 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:</p> <p>(1) to relieve directors or supervisors of their duty to act in good faith and in the best interests of the Company;</p> <p>(2) to approve the expropriation by directors or supervisors (for their own benefit or for the benefit of another person) of the Company's assets in any way, including, but not limited to, opportunities which are beneficial to the Company;</p> <p>(3) to approve the deprivation by directors or supervisors (for their own benefit or for the benefit of another person) of the individual rights of other shareholders, including, but not limited to, rights to distributions and voting rights, but excluding the Company's reorganization proposed for approval at the general meeting in accordance with the Articles of Association.</p>	<p><u>(2) shall strictly fulfill the public statements and all commitments made, without making any unauthorized change or exemption;</u></p> <p><u>(3) shall strictly fulfill information disclosure obligations in accordance with relevant regulations, to proactively cooperate with the Company in information disclosure, promptly inform the Company of material events that have occurred or are proposed to occur;</u></p> <p><u>(4) shall not occupy the Company's funds in any way;</u></p> <p><u>(5) shall not force, instruct or require the Company and relevant personnel to provide guarantee in violation of laws and regulations;</u></p> <p><u>(6) shall not seek personal gain by taking advantage of the Company's undisclosed major information, disclose any undisclosed major information related to the Company in any way, or carry out activities in violation of laws and regulations such as insider trading, short-term trading, and market manipulation;</u></p> <p><u>(7) shall not infringe upon the lawful rights and interests of the Company and other shareholders by any means such as non-arm's length connected transactions, profit distribution, asset restructuring, and external investment;</u></p> <p><u>(8) shall guarantee the Company's integrity of assets, and independence of personnel, finance, institutions and business, without affecting the Company's independence in any way;</u></p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
	<p><u>(9) laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, and other provisions of this Articles.</u></p> <p><u>If the controlling shareholder or the actual controller of the Company does not serve as a director of the Company but actually handles the Company’s affairs, the provisions of the Articles regarding the duty of loyalty and diligence of directors shall apply.</u></p> <p>If the Listing Rules and other applicable laws and regulations have provisions on the protection of small and medium-sized investors, the Company shall comply with such provisions.</p> <p>In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company’s shares are listed, a controlling shareholder of the Company 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:</p> <p>(1) to relieve directors or supervisors of their duty to act in good faith and in the best interests of the Company;</p> <p>(2) to approve the expropriation by directors or supervisors (for their own benefit or for the benefit of another person) of the Company’s assets in any way, including, but not limited to, opportunities which are beneficial to the Company;</p> <p>(3) to approve the deprivation by directors or supervisors (for their own benefit or for the benefit of another person) of the individual rights of other shareholders, including, but not limited to, rights to distributions and voting rights, but excluding the Company’s reorganization proposed for approval at the general meeting in accordance with the Articles of Association.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
Newly added Article	<u>Article 45 The controlling shareholder or the actual controller pledging the Company’s shares held or actually controlled by him or her shall maintain control over the Company and the stability of the Company’s production and operation.</u>
Newly added Article	<u>Article 46 If the controlling shareholder or the actual controller transfers the Company’s shares held by him or her, he or she shall abide by the restrictive provisions on share transfer as stipulated by laws, administrative regulations, rules of the CSRC, and the securities regulatory rules of the place where the Company’s shares are listed, as well as the commitments made regarding the restricted share transfer.</u>
<p>Article 44 The general meeting is the organ of authority of the Company, and shall exercises the following functions and powers according to law:</p> <p>(1) to elect and replace the directors and supervisors who are not employee representatives and to decide on the matters relating to the remuneration of directors and supervisors;</p> <p>(2) to consider and approve the reports of the board of directors;</p> <p>(3) to consider and approve the reports of the board of supervisors;</p> <p>(4) to consider and approve the annual financial budgets and final accounts of the Company;</p> <p>.....</p> <p>(11) to consider and approve the guarantees prescribed in Article 45 hereof;</p> <p>.....</p>	<p><u>Article 47 The general meeting of the Company shall consist of all the shareholders.</u> The general meeting is the organ of authority of the Company, and shall exercises the following functions and powers according to law:</p> <p>(1) to elect and replace the directors and supervisors—who are not employee representatives and to decide on the matters relating to the remuneration of directors and supervisors;</p> <p>(2) to consider and approve the reports of the board of directors;</p> <p>(3) to consider and approve the reports of the board of supervisors;</p> <p>(4) to consider and approve the annual financial budgets and final accounts of the Company;</p> <p>.....</p> <p>(9)(11)to consider and approve the guarantees prescribed in Article 485 hereof;</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 45 The following external guarantees of the Company shall be considered and approved at the general meeting:</p> <p>.....</p> <p>(6) any guarantees to be provided for shareholders, actual controllers and their related parties;</p> <p>.....</p>	<p>Article 48 The following external guarantees of the Company shall be considered and approved at the general meeting:</p> <p>.....</p> <p>(6) any guarantees to be provided for shareholders, actual controllers and their <u>connected</u> related parties;</p> <p>.....</p>
<p>Article 47 General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.</p> <p>The Company shall convene an extraordinary general meeting within two months after the occurrence of any of the following circumstances:</p> <p>.....</p> <p>(5) the board of supervisors proposes to hold such a meeting;</p> <p>.....</p>	<p>Article 50 General meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.</p> <p>The Company shall convene an extraordinary general meeting within two months after the occurrence of any of the following circumstances:</p> <p>.....</p> <p>(5) the <u>audit committee</u> board of supervisors proposes to hold such a meeting;</p> <p>.....</p>
<p>Article 49 Independent non-executive directors are entitled to propose to the board of directors to convene an extraordinary general meeting. For such proposal, the board of directors shall, in accordance with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association, reply in writing within 10 days upon the receipt of the proposal as to whether the board of directors agrees or not to convene the extraordinary general meetings.</p> <p>.....</p>	<p>Article 52 <u>The board of directors shall convene the general meeting on time within the prescribed time limit. With the consent of more than half of all independent non-executive directors,</u> independent non-executive directors are entitled to propose to the board of directors to convene an extraordinary general meeting. For such proposal, the board of directors shall, in accordance with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association, reply in writing within 10 days upon the receipt of the proposal as to whether the board of directors agrees or not to convene the extraordinary general meetings.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 50 The board of supervisors has the right to propose to the board of directors to convene an extraordinary general meeting, and the board of supervisors shall put forward its proposal in writing to the board of directors. The board of directors shall, in accordance with laws, administrative regulations, the Listing Rules and the Articles of Association, put forward written feedback on whether to agree or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.</p> <p>If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days after the resolution of the board of directors is passed. The changes to the original proposal in the notice shall be approved by the board of supervisors.</p> <p>If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the board of directors is unable or fails to perform its duties of convening the extraordinary general meeting, and the board of supervisors may convene and preside over the extraordinary general meeting on its own.</p>	<p>Article 53 The <u>audit committee</u> board of supervisors has the right to propose to the board of directors to convene an extraordinary general meeting, and the <u>audit committee</u> board of supervisors shall put forward its proposal in writing to the board of directors. The board of directors shall, in accordance with laws, administrative regulations, the Listing Rules and the Articles of Association, put forward written feedback on whether to agree or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.</p> <p>If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days after the resolution of the board of directors is passed. The changes to the original proposal in the notice shall be approved by the <u>audit committee</u> board of supervisors.</p> <p>If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the board of directors is unable or fails to perform its duties of convening the extraordinary general meeting, and the <u>audit committee</u> board of supervisors may convene and preside over the extraordinary general meeting on its own.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 51</p> <p>.....</p> <p>If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, shareholders who individually or collectively hold 10% or more of the Company’s shares have the right to propose to the board of supervisors to convene an extraordinary general meeting, and shareholders shall, when putting forward their proposal to the board of supervisors to convene an extraordinary general meeting, do so in writing.</p> <p>If the board of supervisors agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days upon receipt of the proposal. Any changes to the original proposal in the notice shall be approved by relevant shareholders.</p> <p>If the board of supervisors fails to issue a notice of the general meeting within the prescribed time limit, the board of supervisors shall be deemed to have failed to convene and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company’s shares for 90 consecutive days or more may convene and preside over the meeting on their own.</p>	<p>Article 54</p> <p>.....</p> <p>If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, shareholders who individually or collectively hold 10% or more of the Company’s shares have the right to propose to the <u>audit committee</u>board of supervisors to convene an extraordinary general meeting, and shareholders shall, when putting forward their proposal to the board of supervisors to convene an extraordinary general meeting, do so <u>such proposal shall be made</u> in writing.</p> <p>If the <u>audit committee</u> board of supervisors agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days upon receipt of the proposal. Any changes to the original proposal in the notice shall be approved by relevant shareholders.</p> <p>If the <u>audit committee</u> board of supervisors fails to issue a notice of the general meeting within the prescribed time limit, the board of supervisors shall be deemed to have failed to convene and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company’s shares for 90 consecutive days or more may convene and preside over the meeting on their own.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
Newly added Article	<p>Article 55 <u>If the audit committee or shareholders decide to convene the general meeting on their own, they shall notify the board of directors in writing and simultaneously file with the relevant regulatory authorities for record (if required) in accordance with laws, administrative regulations and the Listing Rules.</u></p> <p><u>The audit committee or the convening shareholders shall, when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting, submit relevant supporting documents to the relevant regulatory authorities for record (if required) in accordance with laws, administrative regulations and the Listing Rules.</u></p> <p><u>The shareholding of the convening shareholders shall not be less than 10% before the announcement of the resolutions of the general meeting.</u></p>
<p>Article 52 The board of directors and the secretary to the board of directors shall cooperate with the general meetings convened by the board of supervisors or the shareholders on their own.</p> <p>.....</p>	<p>Article 56 The audit committee board of supervisors and the secretary to the board of directors shall cooperate with the general meetings convened by the board of supervisors or the shareholders on their own.</p> <p>.....</p>
<p>Article 53 If the board of supervisors or the shareholders convene a general meeting on their own, the necessary expenses shall be borne by the Company.</p>	<p>Article 57 If the audit committee board of supervisors or the shareholders convene a general meeting on their own, the necessary expenses <u>of the meeting</u> shall be borne by the Company.</p>
<p>Article 55 The content of the proposals at the general meeting shall fall within the terms of reference of the general meeting, have clear topics and specific resolutions, and be in compliance with the relevant provisions of laws, administrative regulations and the Articles of Association.</p> <p>.....</p>	<p>Article 59 The content of the proposals at the general meeting shall fall within the terms of reference of the general meeting, have clear topics and specific resolutions, and be in compliance with the relevant provisions of laws, administrative regulations and the Articles of Association.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 56 When a Company convenes a general meeting, the board of directors, the board of supervisors and the shareholders who individually or collectively hold 1% or more of the shares of the Company have the right to put forward proposals to the Company. The convener shall include the matters within the scope of duties of the general meeting as proposed in the proposal into the agenda of such meeting.</p> <p>.....</p> <p>The convener shall, within 2 days after receiving the proposal, issue a supplementary notice of the general meeting to announce the content of the interim proposal, and submit the interim proposal to the general meeting for consideration.</p> <p>.....</p> <p>Proposals that are not specified in the notice of the general meeting or that do not comply with the provisions of Article 55 of the Articles of Association shall not be voted on and resolved at the general meeting.</p>	<p>Article 60 When a Company convenes a general meeting, the board of directors, the <u>audit committee</u> board of supervisors and the shareholders who individually or collectively hold 1% or more of the shares of the Company have the right to put forward proposals to the Company. The convener shall include the matters within the scope of duties of the general meeting as proposed in the proposal into the agenda of such meeting.</p> <p>.....</p> <p>The convener shall, within 2 days after receiving the proposal, issue a supplementary notice of the general meeting to announce the content of the interim proposal, and submit the interim proposal to the general meeting for consideration. <u>Except where the extraordinary proposals violate the provisions of laws, administrative regulations or the Articles of Association of the Company, or are beyond the scope of authority of the general meeting.</u></p> <p>.....</p> <p>Proposals that are not specified in the notice of the general meeting or that do not comply with the provisions of Article 55 of the Articles of Association shall not be voted on and resolved at the general meeting.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
Newly added Article	<p>Article 66 <u>Where the elections of directors are to be discussed at the general meeting, the notice of general meeting of shareholders shall fully disclose the particulars of the candidates for directors and shall at least include the following contents:</u></p> <p><u>(1) personal particulars such as educational background, working experience and part-time jobs;</u></p> <p><u>(2) whether there is any connection with the Company or the controlling shareholders of the Company</u></p> <p><u>(3) the number of shares of the Company held by the candidate;</u></p> <p><u>(4) any information required by the Listing Rules to be disclosed in respect of any new appointment, re-election or redesignation of any director.</u></p> <p><u>Unless cumulative voting system is adopted for election of a director, each candidate for director shall be proposed individually.</u></p>
Newly added Article	<p>Article 67 <u>After the notice of general meeting has been issued, unless there is a justified reason, the same meeting shall not be postponed or cancelled, and resolutions proposed in the notice of general meeting shall not be cancelled either. In the event of postponement or cancellation, the convener shall issue an announcement at least two (2) working days prior to the date on which the meeting is originally scheduled and provide the reasons.</u></p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 65 The power of attorney issued by the shareholder authorizing his/her proxy to attend the general meeting should contain the following:</p> <p>(1) the name of the proxy;</p> <p>(2) whether the proxy has any voting right;</p> <p>(3) instruction to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;</p> <p>.....</p>	<p>Article 71 The power of attorney issued by the shareholder authorizing his/her proxy to attend the general meeting should contain the following:</p> <p><u>(1) name of the principal, and the class and number of shares of the Company held;</u></p> <p>(2) the name of the proxy;</p> <p><u>(3) specific instruction from shareholder, including the instruction of voting for, against or abstain for each resolution proposed under the agenda of the general meeting; instruction to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;</u></p> <p>.....</p>
<p>Article 66 The power of attorney should indicate whether the proxy of the shareholder can vote according to his/her own will if the shareholder does not give specific instructions.</p>	<p>Article 72 <u>In the event that the instrument authorizing a voting proxy is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized. Such notarized authorization or other instrument, and the instrument authorizing a voting proxy shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting.</u></p>
<p>Article 70 When the general meeting is convened, all the directors, supervisors and the secretary to the board of directors of the Company shall attend the meeting, and the general manager and other senior management personnel who do not serve as directors of the company shall attend the meeting as non-voting attendees. Subject to compliance with the regulatory rules of the securities of the place where the Company's shares are listed, the abovementioned persons may present at or attend the meeting by means of internet, video, telephone or other effective means, unless they are unable to attend the meeting due to special reasons.</p>	<p>Article 76 <u>When the general meeting requires is convened, all the directors and the senior management to, supervisors and the secretary to the board of directors of the Company shall attend the meeting, directors and senior management shall attend such meeting and receive inquiries from shareholders the general manager and other senior management personnel who do not serve as directors of the company shall attend the meeting as non-voting attendees.</u> Subject to compliance with the regulatory rules of the securities of the place where the Company's shares are listed, the abovementioned persons may present at or attend the meeting by means of internet, video, telephone or other effective means, unless they are unable to attend the meeting due to special reasons.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 71 General meetings are chaired by the chairman of the board of directors. In the event that the chairman is unable or fails to perform his/her duties, the vice chairman shall preside over the meeting; in the event that the vice chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.</p> <p>The chairman of the board of supervisors shall preside over the general meetings convened by the board of supervisors. In the event that the chairman of the board of supervisors is unable or fails to perform his/her duties, the vice chairman of the board of supervisors shall preside over the meeting, and in the event that the vice chairman of the board of supervisors is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.</p>	<p>Article 77 General meetings are chaired by the chairman of the board of directors. In the event that the chairman is unable or fails to perform his/her duties, the vice chairman shall preside over the meeting; in the event that the vice chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.</p> <p>The <u>convener of the audit committee</u> chairman board of supervisors shall preside over the general meetings convened by the <u>audit committee</u> board of supervisors. In the event that the <u>convener of the audit committee</u> chairman of the board of supervisors is unable or fails to perform his/her duties, <u>a member of the audit committee elected by more than half of the members of the audit committee shall preside over the meeting</u> the vice chairman of the board of supervisors shall preside over the meeting, and in the event that the vice chairman of the board of supervisors is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.</p>
<p>Article 73 At the annual general meeting, the board of directors and the board of supervisors shall report to the general meeting on their work over the past year. Each independent non-executive director should also make a performance report.</p>	<p>Article 79 At the annual general meeting, the board of directors and the board of supervisors shall report to the general meeting on their work over the past year. Each independent non-executive director should also make a performance report.</p>
<p>Article 74 Directors, supervisors and senior management shall give explanations and interpretations at the general meeting for the inquiries and suggestions raised by shareholders, except that the trade secrets involving the Company cannot be disclosed at the general meeting.</p>	<p>Article 80 Directors, supervisors and senior management shall give explanations and interpretations at the general meeting for the inquiries and suggestions raised by shareholders, except that the trade secrets involving the Company cannot be disclosed at the general meeting.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 75 The chairman of the meeting shall, before voting, announce whether the number of shareholders and proxies attending the meeting and the total number of shares with voting rights held by them meet the statutory requirements. The number of shareholders and proxies present at the meeting and the total number of shares with voting rights held by them are subject to the registration for the meeting.</p> <p>Minutes of the general meetings shall be kept by the secretary to the board of directors. Minutes of the meeting should contain the following:</p> <p>(1) time, venue, agenda and name of the convener of the meeting;</p> <p>(2) the names of the chairman of the meeting and the directors, supervisors, general manager and other senior management present at or attend the meeting;</p>	<p>Article 81 The chairman of the meeting shall, before voting, announce whether the number of shareholders and proxies attending the meeting and the total number of shares with voting rights held by them meet the statutory requirements. The number of shareholders and proxies present at the meeting and the total number of shares with voting rights held by them are subject to the registration for the meeting.</p> <p>Minutes of the general meetings shall be kept by the secretary to the board of directors. Minutes of the meeting should contain the following:</p> <p>(1) time, venue, agenda and name of the convener of the meeting;</p> <p>(2) the names of the chairman of the meeting and the directors, supervisors, general manager and other senior management present at or attend the meeting;</p>
<p>Article 76 The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The directors, supervisors, secretary to the board of directors, the convener or their representative, and the chairman of the meeting present at the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept together with the signature register of the shareholders present in person and the proxy forms for their attendance by proxy, as well as the valid materials on the voting results via internet or other means, for a period of not less than 10 years.</p>	<p>Article 82 The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The directors, supervisors, secretary to the board of directors, the convener or their representative, and the chairman of the meeting present at the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept together with the signature register of the shareholders present in person and the proxy forms for their attendance by proxy, as well as the valid materials on the voting results via internet or other means, for a period of not less than 10 years.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 81 The following matters shall be resolved by way of ordinary resolutions at a general meeting:</p> <p>(1) work report of the board of directors and the board of supervisors;</p> <p>(2) profit distribution plan and loss recovery plan proposed by the board of directors;</p> <p>(3) appointment and removal of members of the board of directors and the board of supervisors and their remuneration and payment methods;</p> <p>(4) annual financial budgets and final accounts of the Company;</p> <p>(5) annual report of the Company;</p> <p>(6) matters other than those required by laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association shall be approved by a special resolution</p>	<p>Article 87 The following matters shall be resolved by way of ordinary resolutions at a general meeting:</p> <p>(1) work report of the board of directorsand the board of supervisors;</p> <p>(2) profit distribution plan and loss recovery plan proposed by the board of directors;</p> <p>(3) appointment and removal of members of the board of directors and the board of supervisors and their remuneration and payment methods;</p> <p>(4) annual financial budgets and final accounts of the Company;</p> <p>(5) annual report of the Company;</p> <p>(6)<u>(4)</u> matters other than those required by laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association shall be approved by a special resolution.</p>
<p>Article 82 The following matters shall be resolved by way of special resolutions at a general meeting:</p> <p>.....</p> <p>(6) repurchases of shares of the Company;</p> <p>(7) matters requiring approval by special resolutions in accordance with laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association, and are determined by the general meeting to have a significant impact on the Company by ordinary resolutions.</p> <p>.....</p>	<p>Article 88 The following matters shall be resolved by way of special resolutions at a general meeting:</p> <p>.....</p> <p>(6) repurchases of shares of the Company;</p> <p>(7)<u>(6)</u> matters requiring approval by special resolutions in accordance with laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association, and are determined by the general meeting to have a significant impact on the Company by ordinary resolutions.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 84 The list of candidates for the positions of directors and non-employee representatives of supervisors shall be put forward in the form of proposals to the general meeting for voting.</p> <p>When voting at the general meeting for election of directors and non-employee representatives of supervisors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting.</p> <p>The “cumulative voting system” as mentioned above means that when a director or non-employee representative is elected at a general meeting, each share shall have the same voting rights as the number of directors or supervisors to be elected, and the voting rights held by shareholders can be used in a centralized manner. The board of directors shall announce the resumes and basic information of the candidates for directors and supervisors to the shareholders.</p> <p>The implementation details of cumulative voting system are as follows:</p> <p>(1) if the cumulative voting system is adopted for the election of directors and supervisors, the candidates shall be listed by resolution group for independent non-executive directors, non-independent non-executive directors and supervisors and submitted to the general meeting for voting;</p> <p>(2) for the resolutions adopting cumulative voting system, the shareholders present at the general meeting shall have the same number of electoral votes as the number of directors or supervisors to be elected under each resolution group for each share held;</p> <p>.....</p>	<p>Article 90 The list of candidates for the positions of directors and non-employee representatives of supervisors shall be put forward in the form of proposals to the general meeting for voting.</p> <p>When voting at the general meeting for election of <u>non-employee</u> representatives of directors and non-employee representatives of supervisors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting.</p> <p>The “cumulative voting system” as mentioned above means that when a <u>non-employee representatives of director</u> or non-employee representative is elected at a general meeting, each share shall have the same voting rights as the number of directors or supervisors to be elected, and the voting rights held by shareholders can be used in a centralized manner. The board of directors shall announce the resumes and basic information of the candidates for directors and supervisors to the shareholders.</p> <p>The implementation details of cumulative voting system are as follows:</p> <p>(1) if the cumulative voting system is adopted for the election of directors and supervisors, the candidates shall be listed by resolution group for independent non-executive directors, non-independent non-executive directors and supervisors and submitted to the general meeting for voting;</p> <p>(2) for the resolutions adopting cumulative voting system, the shareholders present at the general meeting shall have the same number of electoral votes as the number of directors or supervisors to be elected under each resolution group for each share held;</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 84 The nomination methods and procedures for directors and supervisors are as follows:</p> <p>(1) Shareholders who individually or collectively hold more than one percent of the total number of shares issued by the Company with voting rights may nominate non-employee representatives as candidates for both directors and supervisors by way of written proposal to the board of directors, but the number of candidates must be in compliance with the provisions of the Articles of Association and shall not exceed the number to be elected. The aforesaid proposal put forward by the shareholders to the Company shall be served on the Company at least fourteen days before the date of the general meeting.</p> <p>(2) The board of directors and the board of supervisors may, within the number of members specified in the Articles of Association and based on the number of people to be elected, put forward a list of proposed candidates for directors and supervisors, and submit to the board of directors and the board of supervisors for review. Following the review by the board of directors and the board of supervisors and confirmation on the candidates for directors and supervisors through resolutions, they shall put forward a written proposal to the general meeting. Candidates for independent non-executive directors are nominated in accordance with the laws and regulations and the regulatory rules of the place where the shares of the Company are listed.</p>	<p>Article 91 The nomination methods and procedures for directors and supervisors are as follows:</p> <p>(1) Shareholders who individually or collectively hold more than one percent of the total number of shares issued by the Company with voting rights may nominate non-employee representatives as candidates for both directors and supervisors by way of written proposal to the board of directors, but the number of candidates must be in compliance with the provisions of the Articles of Association and shall not exceed the number to be elected. The aforesaid proposal put forward by the shareholders to the Company shall be served on the Company at least fourteen days before the date of the general meeting.</p> <p>(2) The board of directors and the board of supervisors may, within the number of members specified in the Articles of Association and based on the number of people to be elected, put forward a list of proposed candidates for directors and supervisors, and submit to the board of directors and the board of supervisors for review. Following the review by the board of directors and the board of supervisors and confirmation on the candidates for directors and supervisors through resolutions, they shall put forward a written proposal to the general meeting. Candidates for independent non-executive directors are nominated in accordance with the laws and regulations and the regulatory rules of the place where the shares of the Company are listed.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>(3) A written notice of the intention to nominate a candidate for director or supervisor and the nominee’s willingness of accepting the nomination, as well as the relevant written materials of the nominee, shall be sent to the Company not less than fourteen days prior to the date of the general meeting. The board of directors and the board of supervisors shall provide the shareholders with the biographies and basic information of the candidates for directors and supervisors.</p> <p>.....</p> <p>(5) Shareholders shall vote on each candidate for director and supervisor on a one-by-one basis.</p> <p>(6) In case of extraordinary addition of directors and supervisors, the board of directors and the board of supervisors shall put forward proposals in respect of and recommend the shareholders on the election or replacement.</p> <p>Where provisions on methods and procedures for nomination of directors and supervisors of the Company were otherwise stated in the Listing Rules, such provisions shall prevail.</p>	<p>(3) A written notice of the intention to nominate a candidate for director or supervisor and the nominee’s willingness of accepting the nomination, as well as the relevant written materials of the nominee, shall be sent to the Company not less than fourteen days prior to the date of the general meeting. The board of directors and the board of supervisors shall provide the shareholders with the biographies and basic information of the candidates for directors and supervisors.</p> <p>.....</p> <p>(5) Shareholders shall vote on each candidate for director and supervisor on a one-by-one basis.</p> <p>(6) In case of extraordinary addition of directors and supervisors, the board of directors and the board of supervisors shall put forward proposals in respect of and recommend the shareholders on the election or replacement.</p> <p>Where provisions on methods and procedures for nomination of directors and supervisors of the Company were otherwise stated in the Listing Rules, such provisions shall prevail.</p>
Newly added Article	Article 94 <u>The same voting right can only be exercised by electing to vote on-site, via internet or other voting methods. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.</u>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 89 Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be elected to act as vote counters and scrutineers. Any shareholder who is a related party to the subject matter under consideration and proxies of such shareholder shall not participate in the vote counting and scrutinizing.</p> <p>For resolutions voted on at the general meeting, lawyers, shareholder representatives and supervisor representatives shall count and scrutinize the votes in accordance with the Listing Rules, and the voting results shall be announced forthwith. Voting results of the meeting shall be recorded in the minutes of meeting.</p> <p>.....</p>	<p>Article 96 Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be elected to act as vote counters and scrutineers. Any shareholder who is a related<u>connected</u> party to the subject matter under consideration and proxies of such shareholder shall not participate in the vote counting and scrutinizing.</p> <p>For resolutions voted on at the general meeting, lawyers,—<u>and</u> shareholder representatives and supervisor representatives shall count and scrutinize the votes in accordance with the Listing Rules, and the voting results shall be announced forthwith. Voting results of the meeting shall be recorded in the minutes of meeting.</p> <p>.....</p>
<p>Article 92 Where a motion in relation to election of directors or supervisors is passed at a general meeting, the time of taking office for the new directors and supervisors shall be the time specified in the resolution of the general meeting; where the time is not specified in the resolution of the general meeting, the time of taking office shall be the time at which the resolution is passed.</p>	<p>Article 99 Where a motion in relation to election of directors or supervisors is passed at a general meeting, the time of taking office for the new directors and supervisors shall be the time specified in the resolution of the general meeting; where the time is not specified in the resolution of the general meeting, the time of taking office shall be the time at which the resolution is passed.</p>
<p>Article 95</p> <p>.....</p> <p>Directors may hold a concurrent post as managers or other senior management officers, provided that the total number of directors who are serving concurrently as managers or other senior management officers or being served by employee representatives shall not be more than half of the total number of directors.</p>	<p>Article 102</p> <p>.....</p> <p>Directors may hold a concurrent post as managers or other senior management officers, provided that the total number of directors who are serving concurrently as managers or other senior management officers or being served by employee representatives shall not be more than half of the total number of directors.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 96 Directors shall abide by laws, administrative regulations and the Articles of Association, and shall fulfill obligations to the Company as follows:</p> <p>(1) not to abuse his/her position to accept bribes or other illegal income or misappropriate the properties of the Company;</p> <p>(2) not to misappropriate the funds of the Company;</p> <p>(3) not to set up accounts in his/her own name or in the name of any other person for the purpose of depositing any of the assets or funds of the Company;</p> <p>(4) not to lend funds of the Company to any other person or use the property of the Company to provide guarantee for any other person without the consent of the general meeting or the board of directors in contravention of the provisions of the Articles of Association;</p> <p>(5) not to enter into contracts or carry out transactions with the Company by director himself/herself and his/her close relatives, any enterprise directly or indirectly controlled by director himself/herself and his/her close relatives, and other connected persons of any directors in contravention of the provisions of the Articles of Association or without the consent of the general meeting;</p> <p>(6) not to, without the consent of the general meeting, abuse his/her position to seize business opportunities for himself/herself or for other persons which shall otherwise belong to the Company, or operate a business similar to that of the Company for himself/herself or for other persons;</p>	<p>Article 103 Directors shall abide by laws, administrative regulations and the Articles of Association, and <u>directors shall assume the obligation of loyalty to the Company and take measures to avoid the conflict between their own interests and those of the Company and may not seek any improper interests by taking advantage of their powers.</u> Directors shall fulfill obligations to the Company as follows:</p> <p>(1) <u>shall not embezzle properties of the Company or misappropriate the corporate funds</u> not to abuse his/her position to accept bribes or other illegal income or misappropriate the properties of the Company;</p> <p>(2) <u>shall not deposit funds of the Company in accounts established under their respective name or the name of any other person</u> not to misappropriate the funds of the Company;</p> <p>(3) <u>shall not use the authority to take bribes or solicit other illegal incomes</u> not to set up accounts in his/her own name or in the name of any other person for the purpose of depositing any of the assets or funds of the Company;</p> <p>(4) <u>shall not directly or indirectly conclude any contract or conduct transactions with the Company without reporting to the board of directors or the general meeting and approval by the board of directors or the general meeting in accordance with the provisions of the Articles of Association</u> not to lend funds of the Company to any other person or use the property of the Company to provide guarantee for any other person without the consent of the general meeting or the board of directors in contravention of the provisions of the Articles of Association;</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>(7) not to misappropriate commissions derived from transactions entered into by the Company;</p> <p>(8) not to disclose confidential information of the Company without permission;</p> <p>(9) not to abuse his/her connections with the Company to jeopardize the interests of the Company;</p> <p>.....</p>	<p>(5) <u>shall not, by taking advantage of their functions, obtain, whether for themselves or for others, such business opportunities that should have been procured by the Company, unless reported to the Board or the general meeting and approved by a resolution of the general meeting, or the Company is not able to take advantage of the business opportunity in accordance with the laws, administrative regulations or the provisions of the Articles of Association not to enter into contracts or carry out transactions with the Company by director himself/herself and his/her close relatives, any enterprise directly or indirectly controlled by director himself/herself and his/her close relatives, and other connected persons of any directors in contravention of the provisions of the Articles of Association or without the consent of the general meeting;</u></p> <p>(6) <u>shall not conduct for themselves or others any businesses similar to those of the Company without reporting to the board of directors or the general meeting and obtaining approval through resolutions adopted at the general meeting not to, without the consent of the general meeting, abuse his/her position to seize business opportunities for himself/herself or for other persons which shall otherwise belong to the Company, or operate a business similar to that of the Company for himself/herself or for other persons;</u></p> <p>(7) not to misappropriate commissions derived from transactions entered into by <u>another person with</u> the Company;</p> <p>(8) not to disclose confidential information of the Company without permission;</p> <p>(9) not to abuse his/her connections with the Company to jeopardize the interests of the Company;</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 97 Directors shall abide by laws, administrative regulations and the Articles of Association and shall fulfill the following obligations of diligence:</p> <p>.....</p> <p>(5) to honestly provide the board of supervisors with relevant information, and not to interfere with the board of supervisors or the supervisors in performing their duties and powers;</p> <p>...</p>	<p>Article 104 Directors shall abide by laws, administrative regulations and the Articles of Association, and shall fulfill <u>the duties of diligence to the Company. When performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company. The Directors shall fulfill</u> the following obligations of diligence:</p> <p>.....</p> <p>(5) to honestly provide <u>the audit committee</u> the board of supervisors with relevant information, and not to interfere with <u>the audit committee</u> the board of supervisors or the supervisors in performing their <u>its</u> duties and powers;</p> <p>.....</p>
<p>Article 99 Directors may request to resign before expiry of their term of office. The directors to resign shall submit to the board of directors a written report in relation to their resignation. The board of directors shall disclose the relevant information within two days.</p>	<p>Article 106 Directors may request to resign before expiry of their term of office. The directors to resign shall submit to the board of directors a written report in relation to their resignation <u>and shall become effective immediately upon receipt by the Company.</u> The board of directors <u>will disclose such information in accordance with applicable laws, administrative regulations and the requirements of the Listing Rules</u> shall disclose the relevant information within two days.</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>In the event that the resignation of any director results in the number of members of the board of directors falling below the quorum, the existing director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association until the re-elected director assumes office.</p> <p>Other than the circumstances referred to in the preceding paragraph, the resignation of a director shall become effective upon submission of his/her resignation report to the board of directors.</p>	<p>In the event that the resignation of any director results in the number of members of the board of directors falling below the quorum, <u>or the resignation of independent non-executive directors results in the proportion of independent non-executive directors in the Board or its special committees, or the lack of persons who have professional qualifications among the independent non-executive directors, which does not comply with the requirements of laws, regulations, departmental rules, the Listing Rules, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association,</u> the existing director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules and the provisions of the Articles of Association until the re-elected director assumes office.</p> <p>Other than the circumstances referred to in the preceding paragraph, the resignation of a director shall become effective upon submission of his/her resignation report to the board of directors.</p>
<p>Article 109 The Company shall have a board of directors, which is responsible for the general meeting. The board of directors consists of 11 directors, amongst, at least 3 shall be independent non-executive directors and represents at least one-third of the board of directors. All independent non-executive directors shall meet the independence provisions as required by the Listing Rules.</p>	<p>Article 116 The Company shall have a board of directors, which is responsible for the general meeting. The board of directors consists of 11 directors, amongst, at least 3 shall be independent non-executive directors and represents at least one-third of the board of directors. All independent non-executive directors shall meet the independence provisions as required by the Listing Rules. <u>The Board shall include one staff representative director, who shall be democratically elected by the employees of the Company through the employees’ representative meeting.</u></p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 110 The board of directors shall report to the general meeting and perform the following duties and powers:</p> <p>.....</p> <p>(5) to prepare the Company’s annual financial budget and final accounts;</p> <p>(6) to formulate the Company’s profit distribution plan and loss recovery plan;</p> <p>.....</p>	<p>Article 117 The board of directors shall report to the general meeting and perform the following duties and powers:</p> <p>.....</p> <p>(5) to prepare the Company’s annual financial budget and final accounts;</p> <p><u>(6)</u>(5) to formulate the Company’s profit distribution plan and loss recovery plan;</p> <p>.....</p>
<p>Article 118 Meetings of the board of directors include regular meetings and extraordinary meetings. The board of directors shall at least hold four meetings each year, at least two shall be regular meetings, which shall be convened by the chairman.</p> <p>An extraordinary meeting of the board of directors may be convened upon requisition by either the chairman, shareholders representing over one-tenth of voting rights, over one-third of directors or the board of supervisors. An extraordinary meeting of the board of directors shall be convened and presided over by the chairman within ten days after receiving the requisition.</p>	<p>Article 125 Meetings of the board of directors include regular meetings and extraordinary meetings. The board of directors shall at least hold four meetings each year, at least two shall be regular meetings, which shall be convened by the chairman.</p> <p>An extraordinary meeting of the board of directors may be convened upon requisition by either the chairman, shareholders representing over one-tenth of voting rights, over one-third of directors or <u>the audit committee</u> the board of supervisors. An extraordinary meeting of the board of directors shall be convened and presided over by the chairman within ten days after receiving the requisition.</p>
<p>Article 119 The notice of a meeting of and an extraordinary meeting of the board of directors shall be served by: personal delivery, mail, or facsimile. The time limit of such notice shall be served: fourteen days prior to a regular meeting, and principally three days prior to an extraordinary meeting, in all case in written form to all directors, supervisors, general manager and the secretary to the board of directors.</p> <p>.....</p>	<p>Article 126 The notice of a meeting of and an extraordinary meeting of the board of directors shall be served by: personal delivery, mail, or facsimile. The time limit of such notice shall be served: fourteen days prior to a regular meeting, and principally three days prior to an extraordinary meeting, in all case in written form to all directors, supervisors, general manager and the secretary to the board of directors.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 121 A meeting of the board of directors shall be held only if it has a quorum of more than half of the directors. Resolutions passed at the board meeting shall be approved by more than half of the directors.</p> <p>.....</p> <p>Supervisors may attend the meeting of the board of directors; general manager and secretary to the board of directors not serving concurrently as a director shall attend the meeting of the board of directors. The convenor of meetings may, in his/her opinion deemed necessary, notify other relevant personnel to attend the meeting of the board of directors.</p>	<p>Article 128 A meeting of the board of directors shall be held only if it has a quorum of more than half of the directors. Resolutions passed at the board meeting shall be approved by more than half of the directors.</p> <p>.....</p> <p>Supervisors may attend the meeting of the board of directors; General manager and secretary to the board of directors not serving concurrently as a director shall attend the meeting of the board of directors. The convenor of meetings may, in his/her opinion deemed necessary, notify other relevant personnel to attend the meeting of the board of directors.</p>
<p>Article 128 The board of directors of the Company shall establish special committees such as strategy committee, nomination committee, audit committee and remuneration committee as needed. These special committees are accountable to the board of directors and perform their duties in accordance with the Articles of Association and the authorization of the board of directors, and their proposals shall be submitted to the board of directors for deliberation.</p> <p>.....</p>	<p>Article 135 The board of directors of the Company shall establish special committees such as strategy committee, nomination committee, audit committee and remuneration committee as needed. <u>Among them, the audit committee exercises the powers of the supervisory board as stipulated in the Company Law.</u> These special committees are accountable to the board of directors and perform their duties in accordance with the Articles of Association and the authorization of the board of directors, and their proposals shall be submitted to the board of directors for deliberation.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 132 Circumstances specified in Article 94 hereof prohibiting any person from serving as a director of the Company shall also be applicable to the senior management officers.</p> <p>Requirements set out in Article 96 hereof with respect to the directors’ duty of good faithfulness and the requirements set out in items (4), (5) and (6) of Article 97 hereof with respect to the directors’ obligations of integrity and diligence shall also be applicable to the senior management officers.</p> <p>Requirements set out in Article 102, Article 103 and Article 104 hereof with respect to directors prejudicing interests of the Company, shareholders or other persons shall also be applicable to the senior management officers.</p>	<p>Article 139 Circumstances specified in <u>the Articles of Association</u> Article 94 hereof prohibiting any person from serving as a director of the Company shall also be applicable to the senior management officers.</p> <p>Requirements set out in <u>the Articles of Association</u> Article 96 hereof with respect to the directors’ duty of good faithfulness and the requirements set out in items (4), (5) and (6) of Article 97 hereof with respect to the directors’ obligations of integrity and diligence shall also be applicable to the senior management officers.</p> <p>Requirements set out in <u>the Articles of Association</u> Article 102, Article 103 and Article 104 hereof with respect to directors prejudicing interests of the Company, shareholders or other persons shall also be applicable to the senior management officers.</p>
<p>Article 137 The detailed working rules formulated for a general manager shall include the following:</p> <p>.....</p> <p>(3) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the board of directors and board of supervisors;</p> <p>.....</p>	<p>Article 144 The detailed working rules formulated for a general manager shall include the following:</p> <p>.....</p> <p>(3) the use of funds and assets of the Company, authority to enter into material contracts and systems for reporting to the board of directors and board of supervisors;</p> <p>.....</p>
CHAPTER 8 BOARD OF SUPERVISORS	This Chapter is deleted

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 161</p> <p>.....</p> <p>If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders, the shareholders shall return to the Company the profits that were distributed in breach of the said provisions. Shareholders and responsible directors, supervisors, and senior management officers who cause losses to the Company shall be liable for compensation.</p> <p>The Company's shares held by the Company shall not participate in the profit distribution.</p>	<p>Article 152</p> <p>.....</p> <p>If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders, the shareholders shall return to the Company the profits that were distributed in breach of the said provisions. Shareholders and responsible directors, supervisors, and senior management officers who cause losses to the Company shall be liable for compensation.</p> <p>The Company's shares held by the Company shall not participate in the profit distribution.</p>
<p>Article 169 The Company shall engage an accounting firm that conforms to the relevant provisions of the Securities Law to audit and review the accounting statements of the Company, verify the net assets and offer other consulting services, the term of which shall be one year, and may be renewed.</p>	<p>Article 160 The Company shall engage an accounting firm that conforms to the relevant provisions of the Securities Law to audit and review the accounting statements of the Company, verify the net assets and offer other consulting services, the term of which shall be one year <u>from the end of the current annual general meeting of the Company until the end of the next annual general meeting</u>, and may be renewed.</p>
<p>Article 179</p> <p>.....</p> <p>The Company shall notify its creditors within ten days from the date of the Company's resolution on merger and shall publish an announcement in a newspaper designated by the CSRC or the National Enterprise Credit Information Publicity System, on the website of the Company and the website of a stock exchange within thirty days of the date of the Company's resolution on merger.</p> <p>.....</p>	<p>Article 170</p> <p>.....</p> <p>The Company shall notify its creditors within ten days from the date of the Company's resolution on merger and shall publish an announcement in a newspaper designated by the CSRC or the National Enterprise Credit Information Publicity System, on the website of the Company and the website of a stock exchange within thirty days of the date of the Company's resolution on merger.</p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 180</p> <p>.....</p> <p>In the event of a division of the Company, it shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days of the date of the Company’s resolution on division and shall publish an announcement in a newspaper designated by the CSRC or the National Enterprise Credit Information Publicity System, on the website of the Company and the website of a stock exchange within thirty days of the date of the Company’s resolution on division.</p> <p>.....</p>	<p>Article 171</p> <p>.....</p> <p>In the event of a division of the Company, it shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten days of the date of the Company’s resolution on division and shall publish an announcement in a newspaper designated by the CSRC or the National Enterprise Credit Information Publicity System, on the website of the Company and the website of a stock exchange within thirty days of the date of the Company’s resolution on division.</p> <p>.....</p>
<p>Article 184 In the event that the situation described in item (1) of Article 183 in the Articles of Association occurs, the Company may subsist through amending the Articles of Association.</p>	<p>Article 175 In the event that the situation described in item (1) of Article <u>174</u>183 in the Articles of Association occurs, the Company may subsist through amending the Articles of Association.</p>
<p>Article 185 A liquidation committee shall be set up for the liquidation within fifteen days from the dissolution pursuant to items (1), (2), (4) and (5) of Article 183 in the Articles of Association.</p> <p>.....</p>	<p>Article 176 <u>In the event of A liquidation committee shall be set up for the liquidation within fifteen days from the dissolution pursuant to items (1), (2), (4) and (5) of Article <u>174</u>183 in the Articles of Association, the Company shall be liquidated. The directors shall be the Company’s liquidators and a liquidation committee shall be set up within fifteen days from the date upon which the cause of dissolution arises.</u></p> <p>.....</p>

**APPENDIX IV DETAILS OF THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Before amendments	After amendments
<p>Article 201</p> <p>.....</p> <p>(4) connected relationship refers to the relationship between the controlling shareholders, actual controllers, directors, supervisors and senior management officers (including the associates of the above-mentioned persons as defined in the Listing Rules) and the enterprise directly or indirectly controlled by the Company, and other relationships that may lead to the transfer of interests of the Company, provided that the state-controlled enterprises are not connected simply because they are controlled by the state.</p>	<p>Article 192</p> <p>.....</p> <p>(4) connected relationship refers to the relationship between the controlling shareholders, actual controllers, directors, supervisors and senior management officers (including the associates of the above-mentioned persons as defined in the Listing Rules) and the enterprise directly or indirectly controlled by the Company, and other relationships that may lead to the transfer of interests of the Company, provided that the state-controlled enterprises are not connected simply because they are controlled by the state.</p>
<p>Article 204 The rules of procedures for general meetings, meetings of the board of directors and meetings of the board of supervisors are enclosed with the Articles of Association as appendices.</p>	<p>Article 195 The rules of procedures for general meetings, <u>and</u> meetings of the board of directors and meetings of the board of supervisors are enclosed with the Articles of Association as appendices.</p>

**MANAGEMENT RULES FOR
INFORMATION DISCLOSURE**

OF

Shanghai Bao Pharmaceuticals Co., Ltd.

CHAPTER 1 GENERAL PROVISIONS

Article 1 To regulate the information disclosure conduct of Shanghai Bao Pharmaceuticals Co., Ltd. (“**Company**”), ensure that the content of the Company’s information disclosure is true, accurate and complete, and effectively protect the lawful rights and interests of the Company, its shareholders and investors, these Rules are formulated in accordance with the Securities and Futures Ordinance of Hong Kong (“**Securities and Futures Ordinance**”), the Codes on Takeovers and Mergers and Share Buy-backs (“**Takeovers and Share Buy-backs Codes**”) and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong (“**SFC**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”), and other laws, regulations and requirements of securities markets and regulatory authorities.

Article 2 For the purposes of these Rules, information disclosure refers to the disclosure to the public, within the specified time, through designated media (including websites) and in accordance with prescribed procedures and methods, of information required to be disclosed under relevant laws and regulations, departmental rules, and the requirements of the regulatory authorities and stock exchange of the place of listing.

Article 3 The term “inside information” herein has the meaning defined in the Securities and Futures Ordinance, and means specific information or materials which:

- (1) relate to the Company, its shareholders or senior management, or its listed securities or derivatives thereof;
- (2) are not generally known to persons who are accustomed or would be likely to deal in the Company’s listed securities, but which, if generally known to them, would be likely to have a material effect on the price of such securities.

Article 4 These Rules apply to the following persons and entities of the Company:

1. the directors of the Company and the Board of Directors;
- ~~2. the supervisors of the Company and the Board of Supervisors~~
- ~~3.~~ senior management of the Company;
- ~~4.~~ the actual controllers, controlling shareholders and shareholders who, individually or in concert with persons acting in concert, hold more than 5% of the Company’s shares, and other shareholders;

- 54. the secretary to the Board of Directors, securities affairs officer, joint company secretaries, authorized representatives and the finance department of the Company;
- 65. management-level employees of each department and branch of the Company;
- 76. directors, supervisors and senior management of controlled or investee subsidiaries and branch companies;
- 87. relevant intermediaries;
- 98. other companies, entities, departments and individuals that bear information disclosure obligations and responsibilities, or are subject to confidentiality obligations in respect of relevant undisclosed information.

Article 5 The principal information disclosure documents of the Company include periodic reports, interim announcements (if any), and other documents required to be publicly disclosed pursuant to the requirements of the relevant regulatory authorities (including but not limited to announcements and circulars to shareholders). The preparation and disclosure of information disclosure documents relating to securities issuances, such as prospectuses, offering circulars, listing announcements and circulars, shall be carried out in accordance with the requirements of the stock exchange of the place of listing and relevant laws and regulations.

Annual reports, interim reports, and results announcements and the summaries relating to such reports shall constitute periodic reports; all other announcements shall constitute interim announcements.

The Company shall not disclose any periodic report that has not been considered and approved by the Board of Directors. If a periodic report has not been considered by the Board of Directors, or has been considered but not approved, the Company shall disclose the reasons therefor, the associated risks, a special statement by the Board of Directors, and the opinions of the independent non-executive directors.

CHAPTER 2 BASIC PRINCIPLES OF INFORMATION DISCLOSURE

Article 6 The Company shall perform its information disclosure obligations in accordance with relevant laws and regulations, departmental rules, the Hong Kong Listing Rules, the Securities and Futures Ordinance, the Guidelines on Disclosure of Inside Information, and the relevant requirements of the securities regulatory authorities of the place of listing.

Article 7 The Company shall disclose information in a true, accurate, complete and timely manner, and shall not make any false records, misleading statements or material omissions. The Company shall disclose information promptly and shall not exceed any statutory period or prescribed disclosure time applicable to any particular information. The

Company shall provide information to investors on a fair and equitable basis, ensuring that all investors are treated equally in their access to information about the Company. Upon becoming aware of any inside information, or in circumstances that may give rise to a false market, the Company shall, after consulting the securities regulatory authorities of the place of listing, disclose such information or such information as is necessary to prevent a false market in its securities as soon as reasonably practicable. “As soon as reasonably practicable” means that the Company shall immediately take all steps necessary in the circumstances to disclose the information to the public. If the Company is required to disclose inside information pursuant to the provisions on inside information, it shall also publish the relevant information at the same time.

Article 8 When submitting an application to the Securities and Futures Commission of Hong Kong (the “SFC”) for an exemption from disclosure pursuant to the provisions on inside information, the Company shall simultaneously provide a copy to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Upon being notified of the SFC’s decision, the Company shall also promptly forward a copy of such decision to the Stock Exchange.

Article 9 Prior to the lawful disclosure of inside information, the directors, senior management and other persons in possession of such information shall restrict knowledge of the information to the minimum number of persons necessary. No person in possession of such information shall disclose or divulge it, use it to conduct insider trading, or assist others in manipulating the trading price of the Company’s shares or related derivative instruments.

Article 10 Relevant information disclosure obligors including the Company’s shareholders, actual controllers and acquirers shall perform their information disclosure obligations in accordance with the relevant requirements, actively cooperate with the listed company in its information disclosure work, promptly notify the listed company of any material events that have occurred or are expected to occur, and strictly fulfill any undertakings made by them.

Article 11 The Securities and Futures Ordinance contains safe harbour provisions permitting the temporary non-disclosure of inside information in the following specified circumstances:

- (1) disclosure is prohibited by law or court order. In the event that disclosure of the information would contravene an order made by a court in Hong Kong or any provision of any other Hong Kong law (including where it would constitute a breach of any restriction imposed by a statutory provision or court order), the Company is not required to disclose such information.
- (2) other circumstances permitting temporary non-disclosure. If the Company has taken reasonable precautions to preserve the confidentiality of the information and such confidentiality is maintained, and one or more of the following applies, the Company is not required to disclose any inside information: the information

concerns an incomplete proposal or negotiation; (1) the information is a trade secret; (2) the information concerns liquidity support provided to the Company or its company group by the Exchange Fund established under the Exchange Fund Ordinance of Hong Kong or by an institution performing the functions of a central bank (including institutions outside Hong Kong); (3) the SFC has granted an exemption from disclosure under the Securities and Futures Ordinance and the conditions of such exemption have been complied with. In the event that disclosure of the information is prohibited by the laws of a place outside Hong Kong, by an order of a court exercising jurisdiction under the laws of a place outside Hong Kong, by a law enforcement agency outside Hong Kong, or by a local government authority exercising powers conferred by the laws of a place outside Hong Kong, or where such disclosure would breach restrictions imposed thereby, the Company may apply to the SFC for an exemption.

Article 12 Information disclosed by the Company in accordance with laws shall be published through the electronic submission system operated by the Stock Exchange or by such other means as are recognized under the Hong Kong Listing Rules and relevant laws and regulations.

Article 13 Information disclosure documents of the Company shall be prepared in both Chinese and English. The content of both versions shall be consistent. Information disclosed by the Company shall be presented in a clear and accessible manner. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

CHAPTER 3 PROCEDURES AND DISCLOSURE FOR CONNECTED TRANSACTIONS

Article 14 The Board of Directors shall have overall responsibility for directing and managing the information disclosure work of the Company. The responsibilities of the relevant persons in charge in relation to information disclosure are as follows:

1. all members of the Board of Directors shall bear joint and several responsibilities for the information disclosure work of the Company;
2. the finance department of the Company shall be responsible for coordinating and organizing the specific matters relating to the information disclosure work of the Company, and shall bear direct responsibility for such work;
3. the principal heads of each department of the Company shall be responsible for the reporting of material information.

Article 15 Duties of relevant information disclosure obligors**(1) Directors**

1. Directors shall be aware of and continuously monitor the operations, financial condition and material events that have occurred or may occur in respect of the Company and their impact, and shall actively investigate and obtain the materials necessary for information disclosure decisions.
2. Upon becoming aware of any undisclosed material information concerning the Company, directors shall promptly report the same to the Board of Directors and simultaneously notify the finance department of the Company.
3. No individual director may release or disclose material non-public information of the Company to investors or the media on behalf of the Company or the Board of Directors without authorization from the Board of Directors.

(2) Senior management

1. Senior management shall promptly report to the Board of Directors any material events relating to the operations or finances of the Company, any developments or changes in respect of events that have been previously disclosed, and other relevant information.
2. Senior management shall respond to enquiries from the Board of Directors regarding periodic reports, interim reports and other matters of the Company.
3. If senior management are deliberating on or making decisions in respect of matters involving undisclosed material information, they shall notify the finance department of the Company to attend such meetings and shall provide the materials necessary for information disclosure purposes.

(3) Shareholders and connected ~~related~~ persons

The responsible persons of the controlling shareholders, actual controllers and shareholders holding 5% or more of the shares of the Company (inclusive) shall ensure strict compliance with the information disclosure policy, and shall ensure that any material information that is required to be disclosed is promptly communicated to the Company. Where information that is required to be disclosed has been circulated in the media prior to its lawful disclosure, or where abnormal trading activity occurs in the Company's securities, the relevant shareholders or actual controllers shall promptly make a written report to the Company that is accurate and complete, and shall cooperate with the Company in making the relevant announcement. Shareholders and actual controllers of the Company shall not abuse their shareholder rights or dominant position, and shall not request the Company to provide them with inside information.

(4) Finance department

1. The finance department of the Company shall be responsible for organizing and coordinating the information disclosure affairs of the Company, collating information that is required to be disclosed and reporting the same to the Board of Directors, and continuously monitoring media coverage of the Company and actively verifying the accuracy of such coverage.
2. The finance department of the Company shall be responsible for handling the public release of corporate information and related matters, including supervising the Company's implementation of these Rules, promoting the fulfilment of information disclosure obligations by the Company and relevant information disclosure obligors in accordance with laws, and handling the disclosure of periodic reports and interim reports;
3. The finance department of the Company shall be responsible for confidentiality matters related to the Company's information disclosure, promoting compliance by relevant information disclosure obligors of the Company with confidentiality obligations prior to the formal disclosure of the relevant information, and taking timely remedial measures and reporting to the Stock Exchange in the event of any leakage of inside information.

Article 16 Information disclosed by the Company shall be released in the form of Board announcements. Directors and senior management shall not release any undisclosed information about the Company externally without the prior written authorization of the Board of Directors.

Article 17 In the event of a non-public issuance of shares by the Company, its controlling shareholders, actual controllers and the target subscribers shall promptly provide the Company with relevant information and cooperate with the Company in the performance of its information disclosure obligations.

Article 18 Information disclosure obligors shall promptly submit to the Board of Directors a list of the Company's connected ~~related~~-persons and an explanation of the connected ~~related~~-relationships. The Company shall follow the review procedures for connected transactions and shall strictly implement the abstention from voting regime for connected transactions. The parties to a transaction shall not circumvent the Company's connected transaction review procedures or information disclosure obligations by concealing connected ~~related~~-relationships or by any other means.

Article 19 The Company shall provide the facilities for the finance department to perform its information disclosure and other responsibilities, and the relevant information disclosure obligors shall support and cooperate with the finance department in carrying out its work.

1. The finance department of the Company shall be responsible for collecting undisclosed material information of the Company. The Company shall ensure that the finance department is able to obtain relevant information in a timely and unobstructed manner.
2. The finance department of the Company shall be responsible for the external publication of undisclosed material information of the Company. Other directors and senior management shall not release any undisclosed material information of the Company externally without the prior written authorization of the Board of Directors.

Article 20 The directors and senior management of the Company shall be responsible for the authenticity, accuracy, completeness, timeliness, and fairness of the Company's information disclosure.

1. The chairman and the general manager of the Company shall bear primary responsibility for the authenticity, accuracy, completeness, timeliness, and fairness of information disclosed in the Company's interim reports.
2. The chairman, the general manager, the chief financial officer, the finance manager and accounting personnel shall bear primary responsibility for the authenticity, accuracy, completeness, timeliness, and fairness of information disclosed in the Company's financial reports.

CHAPTER 4 CONTENT AND STANDARDS OF INFORMATION DISCLOSURE

Article 21 Periodic Reports

1. The periodic reports required to be disclosed by the Company include annual reports, interim reports, corporate governance reports and any disclosures required under the Hong Kong Listing Rules and relevant laws and regulations. All information that may have a material impact on investment decisions made by investors shall be disclosed.
2. The Company shall prepare its annual reports, interim reports, results announcements and corporate governance reports in accordance with the requirements of the Hong Kong Listing Rules. The Company shall complete its annual results announcement within three months after the end of each financial year, and shall complete its annual report and corporate governance report within four months thereof. The Company shall complete its interim results announcement within two months after the end of the first half of each financial year, and shall

complete its interim report within three months thereof. The Company shall disclose the corporate governance report, results announcements, the full text of the annual report and the full text of the interim report on the designated website in accordance with the relevant requirements, and shall distribute to its shareholders.

3. If the Company anticipates that it will be unable to disclose a periodic report within the prescribed time, it shall promptly report to the Stock Exchange and publish an announcement setting out the reasons for the delay, the proposed solution and the revised deadline for disclosure. If the Company is, for any reason, unable to pass a Board resolution in respect of a periodic report, it shall disclose the relevant matters by way of a Board announcement, explaining the specific reasons for the inability to pass a Board resolution and the associated risks.
4. The specific content and format of periodic reports shall be prepared in accordance with the relevant requirements of the securities regulatory authorities and the Hong Kong Stock Exchange.
5. The Company shall disclose the following information in the notes to its financial statements in respect of events after the balance sheet date:
 - (1) the person authorized to approve the financial report for issue and the date on which such approval was given. If, pursuant to relevant laws, administrative regulations or other requirements, the owners of the Company or other parties have the right to amend the financial report after it has been issued, such fact shall be disclosed.
 - (2) the nature and content of each material non-adjusting event after the balance sheet date, and its impact on the financial position and results of operations. If an estimate cannot be made, the reasons therefor shall be stated. Non-adjusting events after the balance sheet date typically include: material litigation, arbitration or commitments arising after the balance sheet date; material changes in asset prices, tax policies or foreign exchange rates after the balance sheet date; material losses of assets resulting from natural disasters after the balance sheet date; issuances of shares or bonds or other significant borrowings after the balance sheet date; capitalization of capital reserves after the balance sheet date; material losses incurred after the balance sheet date; business combinations or disposals of subsidiaries after the balance sheet date; and dividends or profits proposed for distribution under the Company's profit distribution plan, or declared following consideration and approval, after the balance sheet date.
 - (3) if the Company obtains new or further evidence after the balance sheet date that affects conditions existing as at the balance sheet date, it shall adjust the related disclosure information accordingly.

Article 22 Interim Announcements

All announcements disclosed by the Company other than periodic reports shall constitute interim announcements.

If a material event occurs that may have a significant impact on the trading price or volume of the Company's securities or their derivatives, or that may give rise to a false market, and investors have not yet been made aware of such event, the Company shall disclose an interim announcement in a timely manner in accordance with the relevant requirements, setting out the cause of the event, its current status and its potential impact.

Material events referred to in the preceding paragraph include, but are not limited to:

- (1) a change in the Company's name, registered capital or place of registration;
- (2) a material change in the Company's business plans, scope of business, business performance or expected business performance, or the external conditions in which the Company operates;
- (3) newly promulgated laws, regulations, normative documents or industry policies that may have a material impact on the Company;
- (4) amendments to the Articles of Association;
- (5) a material investment, a decision to acquire material assets, or a material compensation payment by the Company; the acquisition of equity interests or other material assets or businesses by the Company; or the receipt by the Company of an offer in respect of relevant assets;
- (6) the establishment of a joint venture by the Company; or asset restructuring or demergers affecting the Company's assets, liabilities, financial position or profit or loss;
- (7) the entry by the Company into a material contract that may have a significant impact on its assets, liabilities, equity or results of operations;
- (8) a material change in the value of the Company's assets (including advances, loans or other forms of financial assistance, impairment of real property);
- (9) the incurrence of material indebtedness, a default in the repayment of material debt when due, or the incurrence of a substantial compensation liability by the Company; or the provision of material external guarantees by the Company;

- (10) a material change in the financial condition of the Company, such as a cash flow crisis, material losses or a credit crunch; or a full or substantial cessation of the Company's principal business operations;
- (11) a change in the identity or particulars of a director ~~or supervisor~~ of the Company, or a change in the terms of a director's service contract;
- (12) a material change in the shareholding of any shareholder holding 5% or more of the shares of the Company;
- (13) a change in the share capital of the Company, including the issuance of new shares, convertible securities or options, other refinancing proposals, the passing of resolutions or entry into agreements in connection with equity incentive schemes, the issuance of bonus shares, a reduction of capital, a share split or share consolidation; or the issuance of debt securities, convertible notes, options or warrants by the Company;
- (14) the receipt by the Company of substantial government subsidies, loans, debt relief or other additional income that may have a material impact on the Company's assets, liabilities, equity or results of operations;
- (15) a loan agreement entered into by the Company or any of its subsidiaries that contains specific obligations on the part of a controlling shareholder holding more than 30% of the shares of the Company, the breach of which would constitute a breach of the loan agreement, and where the loan in question has a material impact on the business operations of the Company;
- (16) the cancellation or withdrawal of credit facilities by one or more banks in a manner that has a material impact on the Company;
- (17) a breach by the Company or any of its subsidiaries of the terms of a loan agreement where the loan in question has a material impact on the business operations of the Company, the breach may entitle the lender to demand immediate repayment, and the lender has not granted a waiver in respect of such breach;
- (18) a change in the Company's investment policy, accounting policies or accounting estimates;
- (19) the early dismissal or replacement of the accounting firm providing audit services to the Company, or a material change in the circumstances of the accounting firm or matters related thereto;
- (20) the acquisition by the Company of an important new license, patent or registered trademark; or a material impairment of any patent or other intangible asset;

- (21) a material appreciation or depreciation in the value of financial instruments in the Company's portfolio, including financial assets or liabilities arising from futures contracts, derivatives, warrants, swap hedges or credit default swaps; or a decision to repurchase or trade other listed financial instruments;
- (22) a change in the Company's ex-dividend date, dividend payment date or dividend amount, or a change in the Company's dividend policy;
- (23) a decision by the Company to reduce capital, carry out an acquisition, merger, division, dissolution or winding-up, or to file for bankruptcy; or the commencement of bankruptcy proceedings against the Company by operation of law, or an order to cease operations;
- (24) material litigation or arbitration involving the Company; the rescission or declaration of invalidity of any resolution of the general meeting or Board of Directors by a court of law; a court ruling prohibiting a controlling shareholder from transferring its shares; or the pledge, freezing, judicial auction, custody, trust arrangement or legally imposed restriction on voting rights in respect of 5% or more of the shares held by any shareholder;
- (25) the pledge by a controlling shareholder holding more than 30% of the shares of the Company of its shareholding to secure the debts, guarantees or other obligations of the Company or any of its subsidiaries;
- (26) the Company being investigated by a competent authority for suspected violations of laws or regulations, or being subject to criminal penalties or material administrative sanctions; any director, ~~supervisor~~ or senior management of the Company being investigated by a competent authority for suspected violations of laws or regulations or disciplinary rules, being subject to compulsory measures, or being held criminally liable;
- (27) the seizure, detention, freezing, mortgage (including by a controlling shareholder) or pledge of material assets of the Company, or the insolvency of a relevant debtor, if such matters have a material impact on the Company;
- (28) the Company being ordered by a competent authority to make corrections, or the Board of Directors resolving to make corrections, in respect of errors in previously disclosed information, failure to disclose information in accordance with the relevant requirements, or false records in previously disclosed information;
- (29) transactions or connected transactions that are required to be announced under the Hong Kong Listing Rules;
- (30) other circumstances required to be disclosed under the rules and regulations of the relevant regulatory authorities.

Article 23 If a material event as described in Article 22 occurs in respect of a subsidiary of the Company, or if any other event occurs that may have a significant impact on the trading price or volume of the Company's securities or their derivatives, the Company shall perform its information disclosure obligations accordingly.

Article 24 The Company shall publish an interim announcement in respect of a material event promptly upon the earliest occurrence of any of the following:

- (1) the Board of Directors ~~or the Board of Supervisors~~ passes a resolution in respect of such material event;
- (2) the relevant parties execute a letter of intent or agreement in respect of such material event;
- (3) any director, ~~supervisor~~ or senior management member knows or ought to know of such material event;
- (4) any other circumstances in which a material event occurs.

Article 25 If any of the following circumstances arise prior to the occurrence of the relevant trigger points referred to in the preceding Article, the Company shall promptly disclose the current status of the relevant matter and the risk factors that may affect the progress of the event:

- (1) the material event is difficult to keep confidential;
- (2) the material event has been leaked or rumors have emerged in the market; or
- (3) abnormal fluctuations occur in the trading of the Company's securities or their derivatives.

Article 26 Following the disclosure of a material event, if there are any developments or changes in respect of such previously disclosed material event that may have a significant impact on the trading price or volume of the Company's securities or their derivatives, the Company shall promptly disclose the relevant developments or changes and their potential impact.

Article 27 Disclosure of Connected Transactions

1. The identification of connected persons and connected transactions shall be determined in accordance with the definitions set out in the Hong Kong Listing Rules.

2. The disclosure process for connected transactions is as follows:
 - (1) In respect of any new connected transaction, the finance department of the Company shall be responsible for determining, in accordance with the relevant requirements, the internal approval and external disclosure procedures required for such connected transaction. No connected transaction shall be entered into and no related agreement shall be executed prior to the completion of the required internal approval and external disclosure procedures.
 - (2) In respect of connected transactions that are required to be disclosed pursuant to the Hong Kong Listing Rules, the finance department of the Company/the designated personnel shall be responsible for working with domestic and overseas legal counsel to draft the relevant announcement and soliciting opinions from the relevant departments of the Company.
 - (3) Once the content of the announcement (including the proposed date of despatch of any circular) has been finalized, it shall be submitted to the Stock Exchange for review (if required). Following any revisions made in response to the Stock Exchange's comments, and upon confirmation by the directors and approval by the chairman, the relevant announcement shall be published on the Stock Exchange's website and the Company's website in a timely manner.
 - (4) If shareholder approval is required for a connected transaction, the Company shall arrange for the despatch of a circular to shareholders following publication of the announcement on the date specified therein (and shall publish an announcement in the event of any delay), and shall arrange for the convening of a general meeting as may be required. The Company shall prepare the content of the circular (which must include an independent financial adviser's opinion) under the guidance of the Company's legal counsel and directors. Following review and revision by such persons, the finalized circular shall be submitted to the Stock Exchange for review (if required), revised in response to the Stock Exchange's comments, and then presented to the directors for approval and the chairman for final approval. The finance department of the Company shall arrange for the relevant personnel to publish the circular on the Stock Exchange's website and the Company's website.
 - (5) Prior to the publication of any announcement and shareholders' circular, the Board of Directors shall convene a meeting (including a meeting of the independent (non-executive) directors) to approve the content of the announcement and shareholders' circular, among other matters.

Article 28 Disclosure of Price-Sensitive Information

1. Price-sensitive information includes, but is not limited to: periodically occurring matters (such as financial results and dividends); special matters (such as acquisitions or disposals involving connected persons); the entry into material contracts; the entry into material joint venture agreements; fundraising activities; the issuance of commentary on profit or dividend prospects; the publication of projected earnings for the group by the Company or its directors; the entry into agreements for the issuance of options on convertible securities; the occurrence of substantial foreign exchange losses; market turmoil in industries, countries or regions in which the Company has material businesses or transactions; the removal of an auditor prior to the expiration of its term of appointment; the cancellation of an agreement referred to in a previous announcement; the resignation of the general manager; the Company becoming aware that its auditor intends to issue a qualified opinion in respect of the Company's results; a change in accounting policies that may have a material impact on the financial statements; and events outside the control of the Company that have a material impact on its business, operations or financial performance.
2. The finance department of the Company shall be responsible for communicating clear standards for the identification of price-sensitive information to all directors, and for maintaining an up-to-date definition of price-sensitive information.
3. In the course of management's participation in the decision-making process for material matters, or in the course of abnormal fluctuations in the Company's share price, if any matter falling within the scope of price-sensitive information is identified, such matter shall be reported to the chairman immediately, with simultaneous notification to the finance department of the Company. Other relevant information disclosure obligors who become aware of price-sensitive information shall report to the finance department of the Company immediately. The finance department of the Company shall, under the direction of the chairman and in conjunction with the relevant intermediaries, make a preliminary assessment, with the final determination to be made by the directors. If necessary, an announcement shall be published to effect disclosure.
4. The finance department of the Company shall prepare draft announcement content in accordance with the guidance of the relevant intermediaries. In the case of material price-sensitive information or other exceptional circumstances, the authorized representatives of the Company shall liaise with the Stock Exchange regarding the necessity of a temporary suspension of trading in the Company's shares, and shall submit the relevant application following approval by the chairman.

5. The draft announcement shall be reviewed and revised by the Company's legal counsel, the finance department of the Company and the directors of the Company until finalized. Once the content of the announcement has been finalized and confirmed by the directors and approved and authorized for issue by the chairman, the announcement shall be published on the Stock Exchange's website and the Company's website in a timely manner.

Article 29 Disclosure of Information on Notifiable Transactions

1. The term "transaction" herein has the meaning defined in the Hong Kong Listing Rules. Information on material notifiable transactions includes, but is not limited to: acquisitions or disposals of assets; any transaction involving the grant, acceptance, transfer, exercise or termination of an option by the listed group to acquire or dispose of assets or to subscribe for securities; the entry into or termination of a finance lease that has a financial impact on the balance sheet or income statement of the listed group; the entry into or termination of an operating lease that, by reason of its size, nature or number, has a material impact on the operations of the listed group; the provision by the listed group of an indemnity, guarantee or financial assistance, excluding indemnities or guarantees given to subsidiaries or financial assistance provided to subsidiaries; and the entry into any arrangement or agreement involving the establishment of a joint venture entity, whether in the form of a partnership, company or otherwise.
2. The Company shall satisfy the disclosure requirements and follow the applicable procedures for transactions (including notification, publication of announcements and shareholder approval (if required)) in accordance with the transaction classification method and percentage ratio calculation methods prescribed under the Hong Kong Listing Rules.
3. In the event that a transaction also constitutes a connected transaction, the Company shall additionally refer to the Company's Management Rules for Connected Transactions and comply with the relevant disclosure requirements and procedures under the Hong Kong Listing Rules (including notification, publication of announcements and shareholder approval (if required)).
4. If an event occurring in connection with the Company does not meet the disclosure standards prescribed under these Rules, or is not specifically addressed herein, but is considered by the Stock Exchange or the Board of Directors to be likely to have a material impact on the trading price of the Company's securities or their derivatives, the Company shall promptly disclose the relevant information on the designated website of the Stock Exchange in accordance with these Rules.

5. The finance department of the Company shall be responsible for communicating the standards for identifying material transaction information required to be disclosed to the relevant information disclosure obligors, including maintaining a clear and up-to-date definition of disclosable transaction information in line with updates to the Hong Kong Listing Rules, and notifying the relevant information disclosure obligors of the applicable percentage ratio thresholds for the size tests in respect of notifiable transactions required to be announced under the Hong Kong Listing Rules.

Article 30 Responses to Enquiries from the Stock Exchange

Upon receipt of a request for clarification from the Stock Exchange, the authorized representatives of the Company shall immediately report the matter to the chairman and notify all directors of the relevant circumstances. The finance department of the Company shall immediately liaise with the relevant departments and units to ascertain the facts and shall prepare a draft announcement or written response.

CHAPTER 5 CONTENT AND STANDARDS OF INFORMATION DISCLOSURE

Article 31 The following persons are authorized to disclose information on behalf of the Company: the chairman; the general manager, when authorized by the chairman; directors authorized by the chairman or the Board of Directors; and the company secretary.

Article 32 The information disclosure of the Company shall follow the procedures set out below:

1. The departments and personnel providing information shall carefully verify the relevant information and materials and submit to the finance department of the Company in a timely manner.
2. Upon reviewing and verifying the information documents received, the finance department of the Company shall promptly submit to the chairman. If the information documents meet the disclosure requirements prescribed under these Rules or by the relevant securities regulatory authorities, they shall be immediately reported to the Board of Directors and disclosed accordingly.
3. In respect of information approved for disclosure by the Board of Directors, the finance department of the Company shall be responsible for organizing the preparation, review and finalization of the disclosure documents and their submission to the Stock Exchange for review, and for providing explanations, supplementary information and amendments to the disclosure content as required. If a trading suspension is required, the relevant application for the suspension and resumption of trading in the Company's shares shall be submitted to the Stock Exchange in accordance with the relevant requirements.

4. In respect of information disclosure documents that have been reviewed and confirmed by the Stock Exchange, the Company shall be responsible for arranging personnel to liaise with the designated media for the purposes of making the relevant public announcement.

Article 33 The publication of material or price-sensitive information on the Company's website or in any newspaper or periodical shall require the prior approval of the finance department of the Company. If any information that is unsuitable for publication appears on the Company's internal intranet or in any other internal publications, the Company shall have the right to prevent such publication.

CHAPTER 7 SHAREHOLDING INFORMATION REPORTING BY DIRECTORS,~~SUPERVISORS~~ AND SENIOR MANAGEMENT

Article 34 Directors,~~supervisors~~ and senior management of the Company shall comply with the Hong Kong Listing Rules, the Securities and Futures Ordinance and other relevant laws and regulations in respect of their holding of and dealings in the Company's shares, including the provisions relating to disclosure of interests, insider trading and the model code for securities transactions.

Article 35 The secretary to the Board of Directors shall be responsible for maintaining records and information relating to the identity of, and the shareholdings in the Company held by, the directors,~~supervisors~~ and senior management of the Company, for handling the online filing of personal information on behalf of directors,~~supervisors~~ and senior management in a centralised manner, and for periodically reviewing the disclosure of dealings in the Company's shares by directors,~~supervisors~~ and senior management.

CHAPTER 8 INFORMATION REPORTING BY MAJOR SHAREHOLDERS AND ACTUAL CONTROLLERS

Article 36 Shareholders holding more than 5% of the shares of the Company shall strictly comply with the relevant laws and regulations of the State and of the place of listing, as well as the provisions of these Rules, in discharging their respective information disclosure obligations, and shall observe information disclosure discipline:

- (1) to provide materials relating to information disclosure in a manner that is true, accurate, complete and timely;
- (2) to be responsible for submitting relevant information disclosure documents to the office of the Board of Directors or the secretary to the Board of Directors in accordance with the periodic report preparation schedule, or immediately upon the occurrence of any interim material event;
- (3) not to disclose any such information to any third party prior to its formal disclosure, except as otherwise provided by relevant laws and regulations.

Article 37 In the event that information required to be disclosed has been circulated in the media prior to its legal disclosure, or where abnormal trading activity occurs in the Company's securities or their derivatives, the relevant shareholders or actual controllers shall promptly make a written report to the Company that is accurate, and shall cooperate with the Company in making a timely and accurate announcement.

Article 38 Shareholders or actual controllers who hold more than 5% of the shares of the Company through entrustment, trust arrangements or similar means shall promptly notify the Company of the identity of the relevant principal or settlor, and shall cooperate with the Company in the performance of its information disclosure obligations.

CHAPTER 9 CONFIDENTIALITY MEASURES

Article 39 Directors, senior management and other personnel of the Company who, by reason of their duties, have access to information that is required to be disclosed shall be subject to confidentiality obligations. The Board of Directors shall implement rigorous confidentiality measures to ensure that all persons with knowledge of such information maintain strict confidentiality prior to its formal public disclosure, and shall restrict knowledge of such information to the minimum number of persons necessary.

Article 40 If the Board of Directors becomes aware that any undisclosed information is difficult to keep confidential, has been leaked, or that the price of the Company's shares has exhibited clear abnormal fluctuations, the Company shall, upon approval by the Board of Directors, immediately disclose such information publicly and report the same to the Stock Exchange.

Article 41 Each department of the Company shall, no later than one business day prior to accepting any interview with any organization or individual regarding matters relating to the Company, or prior to organizing any large-scale media publicity or coverage, submit the relevant content and materials to the securities management department. The finance department of the Company shall determine, based on the significance of the matter, whether approval from the chairman is required.

CHAPTER 10 ACCOUNTABILITY AND REMEDIAL MEASURES

Article 42 If any person's dereliction of duty results in a breach of the relevant requirements in respect of the Company's information disclosure, thereby causing serious adverse impact or loss to the Company, the Board of Directors shall impose appropriate disciplinary sanctions on the responsible person in accordance with the Company's internal procedures, including warnings, public criticism, demerit records, salary reductions, demotions or removal from office, and shall pursue compensation and other legal liabilities against such person as appropriate.

Article 43 In the event that the Company is publicly criticized or censured by the Stock Exchange for any breach of its information disclosure obligations, the Board of Directors shall promptly organize a review of the information disclosure management policy and its implementation, and shall take appropriate corrective measures. The Company shall also promptly impose internal disciplinary sanctions on the relevant responsible persons.

CHAPTER 11 SUPPLEMENTARY PROVISIONS

Article 44 These Rules shall be considered and approved by the general meeting of the Company and shall come into effect on the date on which the H Shares of the Company are listed on the Stock Exchange. The original Management Rules for Information Disclosure of the Company shall automatically cease to have effect from the date on which these Rules take effect.

Article 45 Any matters not covered in these Rules shall be implemented in accordance with relevant laws, administrative regulations, normative documents, the Articles of Association and the listing rules. In the event of any inconsistency between these Rules and relevant laws, administrative regulations or normative documents promulgated by the State, the Articles of Association as amended through legally prescribed procedures, or the listing rules, the provisions of such laws, administrative regulations, normative documents, the Articles of Association and the listing rules shall prevail, and these Rules shall be immediately revised and submitted to the general meeting for consideration and approval.

Article 46 The Board of Directors shall be responsible for the interpretation of all provisions contained in these Rules.

**MANAGEMENT RULES FOR CONNECTED
TRANSACTIONS**

OF

Shanghai Bao Pharmaceuticals Co., Ltd.

**APPENDIX VI DETAILS OF THE PROPOSED AMENDMENTS TO THE
MANAGEMENT RULES FOR CONNECTED TRANSACTIONS**

CHAPTER 1 GENERAL PROVISIONS

Article 1 These rules are established to regulate connected transactions between Shanghai Bao Pharmaceuticals Co., Ltd. (the “**Company**”) and its connected parties in accordance with the principles of fairness, impartiality, and transparency, and to protect the legitimate rights and interests of investors, particularly small and medium-sized investors. These rules are formulated in accordance with the relevant provisions of the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and other applicable laws, regulations, and normative documents. These rules apply to the Company and its subsidiaries.

Article 2 The general meeting shall consider and approve connected transactions that require approval by shareholders in accordance with the Hong Kong Listing Rules. The board of directors shall be responsible for formulating the management rules for connected transactions, judging whether relevant connected transactions are in compliance with business principles and follow normal commercial terms or better terms so far as the Company is concerned and reviewing the implementation of connected transactions approved at general meeting. The company secretary shall provide advice on the determination of connected transactions and, if necessary, may seek the advice of external legal counsel. Independent non-executive directors shall provide independent opinions on connected transactions that require shareholder approval under the Hong Kong Listing Rules, as well as other connected transactions (including continuing connected transactions) that require the independent non-executive directors to express an independent opinion.

Article 3 The principal responsible officers of each subsidiary and branch office shall be the primary persons responsible for the disclosure of connected transactions for their respective entities.

CHAPTER 2 CONNECTED TRANSACTIONS AND CONNECTED PARTIES

Article 4 The connected transactions as defined by the Hong Kong Listing Rules include the one off connected transaction and the continuing connected transaction. The continuing connected transaction is a connected transaction involving the provision of goods or services or financial assistance, which is expected to extend over a period of time on an ongoing or recurring basis.

Article 5 Except as otherwise provided in the Hong Kong Listing Rules, connected transactions include, but are not limited to, the following transactions:

- (I) the purchase or sale of assets (including deemed disposals as defined in the Hong Kong Listing Rules, namely, where a subsidiary’s distribution of equity may result in a reduction in the Company’s percentage of equity interest in that subsidiary, regardless of whether the Company has consolidated the subsidiary into its

**APPENDIX VI DETAILS OF THE PROPOSED AMENDMENTS TO THE
MANAGEMENT RULES FOR CONNECTED TRANSACTIONS**

consolidated accounts; such a reduction in equity interest resulting from such a distribution is deemed a disposal); the grant, acceptance, transfer, exercise, non-exercise, or termination of an option to purchase or sell assets or to subscribe for securities;

- (II) the granting, acceptance, transfer, exercise, non-exercise, or termination (except where the company or its subsidiary has no discretion to terminate an option pursuant to the original agreement) of an option (i.e., the right, but not the obligation, to purchase or sell assets or subscribe for securities) to purchase or sell assets or subscribe for securities;
- (III) outbound investments (including entrusted asset management, entrusted loans, etc.) and joint investments by connected parties;
- (IV) entering into or terminating contracts for finance leases, operating leases, subleases, or factoring;
- (V) providing indemnification (including guarantees for subsidiaries), or providing or accepting financial assistance (including granting credit, making loans, or providing indemnification, guarantees, or collateral for loans);
- (VI) entering into an agreement or arrangement to establish a joint venture in any form (such as a partnership or a corporation) or to engage in any other form of joint venture arrangement;
- (VII) issuing new securities of the Company or its subsidiaries;
- (VIII) subscribing for products managed by the Company;
- (IX) providing, accepting, or sharing services; selling products or goods; entering into management contracts (including contracts for entrusted management, agency management, etc.); entering into licensing agreements; and transferring research and development projects;
- (X) donating or receiving assets as gifts;
- (XI) restructuring claims or liabilities;
- (XII) purchasing or supplying raw materials, semi-finished goods, and/or finished goods;
- (XIII) other matters that may result in the transfer of resources or obligations through contractual arrangements; or

**APPENDIX VI DETAILS OF THE PROPOSED AMENDMENTS TO THE
MANAGEMENT RULES FOR CONNECTED TRANSACTIONS**

(XIV) other transactions as determined by applicable securities regulatory rules, stock exchange listing rules, and relevant guidelines.

Article 6 The definition and scope of “connected parties” shall be governed by the provisions of the Hong Kong Listing Rules. In accordance with the Hong Kong Listing Rules, the connected parties of the Company and its subsidiaries generally include the following parties unless otherwise specified therein:

- (I) directors, supervisors, general managers, or controlling shareholders (i.e., persons entitled to exercise or control the exercise of 10% or more of the voting rights at the Company’s general meeting) of the Company or any of its subsidiaries¹ (excluding non-material subsidiaries²);
- (II) any person who has served as a director of the Company or any of its subsidiaries (other than a non-material subsidiary) within the past 12 months (such persons, together with those referred to in paragraph (I) of this Article, are collectively referred to as “**Basic Connected Person**”);
- (III) associates of any Basic Connected Person;
- (IV) a non-wholly-owned subsidiary of the Company in which any connected person at the corporate level, either individually or collectively, has the right to exercise or control the exercise of 10% or more of the voting rights at the general meeting of shareholders of such non-wholly-owned subsidiary (such 10% threshold excludes any indirect interest in such non-wholly-owned subsidiary held by such connected person through the Company), and any subsidiary of such non-wholly-owned subsidiary (the “**connected subsidiary**”);
- (V) any person who is, from time to time, specified in the Hong Kong Listing Rules or deemed by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) to be a connected person (as defined in the Hong Kong Listing Rules);

¹ Under the Hong Kong Listing Rules, a subsidiary includes an entity whose accounts are required to be consolidated under Hong Kong or International Financial Reporting Standards, or a subsidiary as defined in Schedule 1 to the Hong Kong Companies Ordinance (generally meaning an entity in which more than half of the equity interest or voting rights are held, or in which the appointment or removal of more than half of the members of the board of directors is controlled, regardless of whether such entity is consolidated under financial reporting standards).

² Under the Hong Kong Listing Rules, a non-material subsidiary is defined as a subsidiary whose total assets, profits, and revenue, when compared to those of the group, meet the following conditions: (a) the relevant percentage for each of the last three financial years (or, if fewer than three financial years are involved, from the date of incorporation or establishment of the subsidiary) is less than 10%; or (b) the relevant percentage for the most recent financial year is less than 5%. However, if a relevant person is connected with two or more subsidiaries of the Company, the Hong Kong Stock Exchange will aggregate the total assets, profits, and revenues of such subsidiaries to determine whether, taken together, they constitute the Company’s “non-material subsidiaries”.

(VI) the Hong Kong Stock Exchange will not normally treat a PRC government agency as a connected person of the listed issuer. Pursuant to the Hong Kong Listing Rules, PRC government agencies include, but are not limited to: (1) the central government of China, including the State Council, national ministries and commissions, agencies directly under the State Council, administrative offices of the State Council, public institutions directly under the State Council, and bureaus administered by international ministries and commissions; (2) provincial-level governments of China, including provincial governments, municipalities directly under the central government, and autonomous regions, together with their respective administrative bodies, representative offices, and agencies; (3) local governments of China at a level below the provincial level, including district, city, and county governments, together with their respective administrative bodies, representative offices, and agencies.

Article 7 The Company's financial department is responsible for collecting and updating information on the Company's directors, ~~supervisors~~, general manager, and major shareholders, and for establishing and updating a list of connected parties.

Article 8 The Company's financial department should provide the list of connected parties and the threshold amounts for connected transactions eligible for exemption to all departments and subsidiaries of the Company for reference by relevant personnel. Staff responsible for managing connected transactions at each subsidiary shall report relevant information to the Company's financial department prior to any natural person, legal entity, or other organization becoming a major shareholder of any subsidiary, or prior to any subsidiary establishing any entity or joint venture.

Article 9 Prior to entering into any transaction, all departments and subsidiaries shall promptly consult the list of connected parties to identify and confirm whether the transaction constitutes a connected transaction. Once a transaction is identified as a connected transaction, the Company's financial department must be notified as soon as possible before the first transaction takes place to determine the authorization required under this policy. This transaction may not be conducted until it has been approved by the Company's financial department in accordance with the Company's internal management policies and procedures. Upon obtaining the appropriate authorization, departments and subsidiaries may conduct transactions with connected parties within the scope of their authorization, provided that they comply with the other provisions of this policy.

Article 10 The Company's financial department shall, on an annual basis, calculate the relevant ratios under the Hong Kong Listing Rules for each subsidiary in relation to the Company as a whole, in order to determine whether such subsidiary qualifies as a non-material subsidiary under the Hong Kong Listing Rules, and thereby ascertain whether the directors, supervisors, general managers, or controlling shareholders of such subsidiary are connected persons of the Company. If any person or entity referred to above is associated with two or more subsidiaries, the assets, profits, and revenues of such subsidiaries will be aggregated to determine whether, collectively, they constitute a non-material subsidiary of the Company.

CHAPTER 3 PROCEDURES AND DISCLOSURE FOR
CONNECTED TRANSACTIONS

Article 11 The Company shall classify connected transactions in accordance with the criteria set out in the Hong Kong Listing Rules, and shall confirm prior to entering into any agreement, and comply with or be exempted from the requirements for reporting, announcement, and shareholder approval at the time of entering into such agreement. Any connected transaction not expressly exempted under the Hong Kong Listing Rules must comply with the requirements regarding reporting, announcement, and shareholder approval, as follows:

- (I) reporting means the disclosure of relevant details in the annual report or financial statement after the listing of the Company;
- (II) announcement includes the notification of the Hong Kong Stock Exchange and publishing a public announcement on the Hong Kong Stock Exchange's website and the Company's website;
- (III) subject to the approval of shareholder, the Company shall establish a committee of independent directors and appoint an independent financial adviser to provide an opinion and report. The Company shall prepare a circular to be distributed to shareholders and send it to shareholders prior to the general meeting in accordance with the time frame specified in the Hong Kong Listing Rules. All connected persons who have a material interest in the transaction, as well as their associates, must abstain from voting at the general meeting.

Article 12 The continuing connected transaction is a connected transaction involving the provision of financial assistance, services or goods, which is expected to extend over a period of time on an ongoing or recurring basis. Except that the Company needs to judge whether the relevant transaction is subject to the reporting, announcement and shareholder's approval when signing agreements, the Company shall need to monitor its implementation continuously and whether the amount exceeds the annual cap, and shall comply with the relevant requirements under the SEHK Listing Rules again when there is a material change in terms of agreements and the amount exceeds the annual cap or upon the renewal of agreements.

Article 13 In accordance with relevant regulations, the Company is required to enter into written agreements with connected parties for each connected transaction (including exempted connected transactions), setting forth the criteria for calculating payments. Except as permitted by the Hong Kong Listing Rules, the term of a continuing connected transaction agreement may not exceed three years. A maximum annual amount (the "Cap") must be established for each continuing connected transaction, and the Company shall disclose the basis for its calculation. The Cap must be expressed in monetary terms. When setting the Cap, the Company shall refer to past transactions and data. The Cap shall be determined based on reasonable assumptions and the details of the assumptions shall be disclosed in the event that the Company has no such previous transactions. If a transaction requires shareholder approval, the relevant limits shall be approved by the shareholders.

If a connected transaction exceeds the prescribed limit during its implementation, or if an agreement needs to be amended or renewed upon expiration, it shall be re-approved in accordance with the procedures set forth in the Hong Kong Listing Rules and these rules, and must again comply with the relevant requirements of the Hong Kong Listing Rules.

Article 14 The Company's connected transactions shall comply with the following pricing principles and methods:

- (I) the pricing of connected transactions shall, as a general rule, be based on the national price; if no national price is available, the price shall be determined through mutual agreement between the parties, and the price so determined must be in accordance with the principle of fairness and must be on terms no less favorable than those of ordinary commercial terms;
- (II) the transacting parties shall determine the pricing method based on the specific circumstances of the connected transaction and specify it in the relevant connected transaction agreement;
- (III) ordinary commercial terms or more favorable terms: the terms of a transaction that the Company can obtain under the following circumstances: the transaction is conducted on the basis of independent interests, or the terms of the transaction are no less favorable to the Company than those the Company would grant to an independent third party or that an independent third party would grant to the Company;
- (IV) market price: a price or rate that does not deviate from that determined by an independent third party under normal commercial terms for the same or similar assets, goods, or services;
- (V) cost-plus pricing: determining transaction prices and rates by adding a reasonable profit margin to the cost of the assets, goods, or services involved in the transaction;
- (VI) agreed price: prices and rates shall be determined through negotiation in accordance with the principles of fairness and impartiality.

Article 15 Management of prices for connected transactions:

- (I) the parties to the transaction shall calculate the transaction price based on the pricing method and actual transaction volume specified in the connected transaction agreement, and shall settle the transaction in accordance with the payment method and schedule specified in the agreement;
- (II) the Company's financial management department shall monitor changes in market prices and costs related to the Company's connected transactions and report such changes to the board of directors for the record.

**APPENDIX VI DETAILS OF THE PROPOSED AMENDMENTS TO THE
MANAGEMENT RULES FOR CONNECTED TRANSACTIONS**

Article 16 Pursuant to the provisions of the Hong Kong Listing Rules and the results of the relevant ratio tests, the approval authority for connected transactions shall be vested in the board of directors and the shareholders' general meeting. The specific provisions are as follows:

Pursuant to the Hong Kong Listing Rules, the Company shall conduct a ratio test for proposed connected transactions in accordance with the requirements of the Hong Kong Listing Rules, including (1) the asset ratio, which is the percentage of the total value of assets involved in the transaction relative to the Company's total assets³; (2) revenue ratio, i.e., the percentage of the revenue attributable to the assets involved in the transaction relative to the Company's total revenue; (3) the consideration ratio, which is the percentage of the total market capitalization of the Company represented by the consideration involved in the transaction; and (4) the equity ratio, which is the percentage of the par value of the equity issued by the Company as consideration relative to the par value of the Company's issued share capital prior to the relevant transaction. The data used for the above ratio tests may, in certain circumstances, require corresponding adjustments in accordance with the Hong Kong Listing Rules, and the specific calculation methods shall be determined in accordance with the provisions of the Hong Kong Listing Rules.

Consideration by the Board of Directors

(I) connected transactions that are fully exempt under the Hong Kong Listing Rules, as amended from time to time (exempt from reporting, announcement, and shareholder approval requirements), provided that, under the current Hong Kong Listing Rules, such connected transactions are conducted on arm's-length terms or on more favorable terms (except for the issuance of new securities by the Company), and each of the following thresholds is met:

- (1) is less than 0.1%; or
- (2) is 0.1% or more but less than 1%, and the transaction constitutes a connected transaction solely because the relevant connected person is related to one or more subsidiaries of the Company; or
- (3) is 1% or more but less than 5%, and the consideration for the transaction in each year is less than HK\$3 million (aggregated, if applicable),

and such connected transaction is considered by the Board;

³ Pursuant to the provisions of the Hong Kong Listing Rules, any dividends declared by the Company during the relevant financial period shall be deducted from the Company's total assets.

(II) connected transactions that are partially exempt from the requirement for shareholder approval under the Hong Kong Listing Rules, as amended from time to time, provided that, under the current Hong Kong Listing Rules, such connected transactions are conducted on arm's-length terms or on more favorable terms, and each of the following thresholds is met:

(1) is less than 5%; or

(2) is 5% or more but less than 25%, and the consideration for each transaction is less than HK\$10 million,

such connected transactions shall be considered by the Board;

Shareholder Approval

(III) connected transactions that are not exempted under the Hong Kong Listing Rules, as amended from time to time (subject to the requirements regarding reporting, announcement, and shareholder approval), must be submitted to the general meeting of shareholders for consideration and approval following approval by the board of directors if they do not meet the ratio or monetary thresholds specified in paragraphs (I) and (II) above under the current Hong Kong Listing Rules. For connected transactions that the board of directors determines should be submitted to the general meeting for approval, the board shall adopt a resolution to submit the matter for consideration by the general meeting and issue a circular convening the meeting. The circular shall specify the date, location, and agenda of the general meeting, and clearly describe the content, nature, and details of the connected parties involved in the connected transaction; the independent non-executive directors shall issue a disclosure opinion on whether the terms of the connected transactions are fair, whether they are conducted in the ordinary course of the Company's business on arm's-length terms or on more favorable terms, whether they are in the best interests of the Company and its shareholders, whether the annual caps for the connected transactions are fair and reasonable, and their voting recommendations to shareholders.

(IV) pursuant to the relevant provisions of the Hong Kong Listing Rules, the exemptions set forth in paragraphs (I) and (II) above do not apply to the issuance of new securities by the Company.

(V) the following connected transactions occurring within a consecutive twelve-month period shall be aggregated (i.e., the relevant transactions shall be combined for calculation purposes):

1. transactions conducted with the same connected party or with parties that are connected to one another;

2. transactions involving the same subject matter conducted with different connected parties.

The term “the same connected party” as used above includes other connected parties that are under the control of the same entity as such connected party or that have a controlling equity relationship with such connected party.

The specific requirements for aggregation shall be in accordance with the provisions of Chapter 14A of the Hong Kong Listing Rules; where the Hong Kong Stock Exchange has separate provisions regarding the principles of aggregation, such provisions shall prevail.

Article 17 The connected transactions conducted between the Company and connected parties in the ordinary course of business shall follow the corresponding consideration and supervision procedures in accordance with the following provisions:

- (I) for an ordinary connected transaction conducted for the first time, the Company shall enter into a written agreement with the connected party, and submit the transaction amount involved in the agreement that is applicable to the provisions to the board of directors and/or the general meeting for consideration and approval (if necessary).
- (II) for an ordinary connected transaction agreement which is considered and approved by the board of directors and/or the shareholders’ general meeting and is being performed, if there are material changes in the principal terms of the agreement during the execution or the agreement needs to be renewed upon expiration, the Company shall amend or renew the ordinary connected transaction agreement, and submit the transaction amount involved in the agreement that is applicable to the provisions of these regulations to the board or the shareholders’ general meeting for consideration and approval (if necessary).
- (III) for an ordinary continuing connected transaction agreement relating to a large number of ordinary connected transactions each year, the Company shall enter into a connected transaction framework agreement with each party in accordance with the Hong Kong Listing Rules and the provisions of this policy, and set an annual cap for the transaction amount. Such framework agreement and annual cap shall be submitted to the board of directors and/or the general meeting of the Company for consideration and approval. Where the amount of an ordinary connected transaction exceeds the estimated annual cap, the Company shall, prior to such excess, re-comply with the reporting, announcement or shareholders’ approval requirements under the Hong Kong Listing Rules (if necessary).

Article 18 For non-wholly-exempt continuing connected transactions as defined under the Hong Kong Listing Rules by the Hong Kong Stock Exchange, the following requirements shall be observed:

- (I) the Company shall enter into a written agreement with the connected persons for each connected transaction, and the terms of such agreement shall reflect normal commercial terms and specify the pricing basis.

**APPENDIX VI DETAILS OF THE PROPOSED AMENDMENTS TO THE
MANAGEMENT RULES FOR CONNECTED TRANSACTIONS**

- (II) the term of the agreement shall be fixed and shall not exceed three years generally. Where the term must exceed three years due to the nature of the transaction, a written confirmation opinion must be obtained from the financial adviser.
- (III) a transaction cap shall be set for the transaction volume for each year during the term of the agreement.
- (IV) the procedures for reporting, announcement, (if applicable) independent shareholders' approval and annual review shall be performed.

Article 19 If a connected transaction is subject to shareholder approval, the Company shall (1) establish a committee of independent directors; and (2) appoint an independent financial advisor. The committee of independent directors shall consist of independent non-executive directors who have no material interest in the relevant transaction.

After considering the recommendations of the independent financial advisor, the committee of independent directors shall provide the shareholders of the listed issuer with its opinion on the following matters:

- (I) whether the terms of the connected transaction are fair and reasonable;
- (II) whether the connected transaction is conducted in the ordinary course of the company's business on arm's-length terms or on more favorable terms;
- (III) whether the connected transaction is in the best interests of the Company and its shareholders as a whole; and
- (IV) how to vote on the connected transaction.

The Company shall appoint an independent financial adviser acceptable to the Hong Kong Stock Exchange to provide recommendations to the committee of independent directors and the shareholders regarding the matters set forth in the following four points. The independent financial adviser shall provide its opinion based on the written agreement for the transaction:

- (I) whether the terms of the transaction are fair and reasonable;
- (II) whether the connected transaction is conducted in the ordinary course of the Company's business on normal commercial terms or on more favorable terms;
- (III) whether the connected transaction is in the best interests of the Company and its shareholders as a whole; and
- (IV) whether shareholders should vote in favor of the connected transaction.

Article 20 When the Company's board of directors considers a connected transaction, connected directors may not participate in the vote, nor may they exercise voting rights on behalf of other directors. A connected director shall voluntarily recuse themselves; otherwise, the other directors have the right to request that they recuse themselves. In the event of a dispute regarding whether a director is a connected party, the board of directors shall request confirmation of the connected relationship from the relevant regulatory authorities or the Company's legal counsel, and shall determine whether the director should recuse themselves based on the response from such authorities or counsel.

For the purposes of the preceding paragraph, "connected director" means a director who has a material interest in a transaction under the Hong Kong Listing Rules. This includes a director who falls under any of the following circumstances:

- (I) is a party to the relevant transaction or arrangement, or an associate of a party to the transaction or arrangement (as defined in Appendix 1 to these rules);
- (II) the relevant transaction or arrangement confers a benefit (whether financial or otherwise) on the director or an associate of the director (as defined in Appendix 1 to these rules).

Article 21 When a connected transaction is considered at a shareholders' general meeting, the connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights. Connected shareholders shall voluntarily submit a request for recusal; otherwise, other shareholders have the right to submit a request for the recusal of such connected shareholders to the general meeting. In the event of a dispute regarding whether a shareholder is a connected party, the chairperson of the meeting shall conduct a review, and the attorney present at the meeting shall determine whether the shareholder in question is a connected party in accordance with relevant regulations.

For the purpose of the preceding paragraph, "connected shareholders" include the following share holders or shareholders who fall into one of the following circumstances:

- (I) being a party to the relevant transaction or arrangement, or an associate of such a party (as defined in the Hong Kong Listing Rules);
- (II) the transaction or arrangement confers upon the shareholder or his associate (as defined in the Hong Kong Listing Rules) a benefit (whether economic or otherwise) not available to the other shareholders.

CHAPTER 4 DISCLOSURE OF CONNECTED TRANSACTIONS

Article 22 When disclosing connected transactions, the Company shall comply with the disclosure requirements set forth in the Hong Kong Listing Rules and relevant guidelines. The content of such disclosures shall comply with the relevant provisions of the Hong Kong Listing Rules.

Article 23 The Company's announcements, circulars, and annual reports filed with the Hong Kong Stock Exchange regarding connected transactions include, but are not limited to, the information required under Rules 14A.68 to 14A.72 of the Hong Kong Listing Rules.

Article 24 During negotiations regarding a connected transaction, if the Company's share price experiences significant fluctuations due to market rumors or reports concerning such transaction, the Company shall report to the securities regulatory authorities, the Hong Kong Stock Exchange, and the stock exchange where the Company's securities are listed, or issue an announcement, in accordance with relevant laws, regulations, and the Hong Kong Listing Rules.

Article 25 The Company shall enter into a written agreement for any connected transactions. The terms of the agreement shall be clear and specific. The Company shall disclose matters such as the conclusion, amendment, termination, and performance of the connected transaction agreement, as well as the basis for pricing such transactions, in accordance with relevant regulations.

Article 26 With respect to existing routine connected transaction agreements that have been previously approved by the general meeting of shareholders or the board of directors and are currently being implemented, if there have been no material changes to the principal terms during the course of implementation, the Company shall disclose the actual performance of each agreement in its periodic reports as required, and state whether such performance complies with the terms of the agreements and the provisions of the Hong Kong Listing Rules.

Article 27 If the Company suffers or is likely to suffer losses due to the misappropriation or diversion of the Company's funds, assets, or other resources by a connected party, the Company's board of directors shall promptly take protective measures, such as filing lawsuits or seeking property preservation, to prevent or mitigate such losses.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 28 Connected transactions involving the Company's controlled subsidiaries shall be deemed to be actions of the Company, and the decision-making procedures and disclosure requirements set forth in these regulations shall apply to such transactions.

Article 29 Documents related to decisions on connected transactions and resolutions shall be retained by the corporate secretary for a period of not less than ten years.

Article 30 Any matters not covered by these regulations shall be handled in accordance with relevant laws and regulations, the Hong Kong Listing Rules, other provisions of the securities regulatory authorities in the jurisdiction where the Company's shares are listed, and the relevant provisions of the Company's Articles of Association. If any provision of these rules conflicts with any laws, regulations promulgated or amended in the future, the Hong Kong Listing Rules, other regulations of the securities regulatory authority in the Company's place of listing, or the Articles of Association, such provisions shall be implemented in accordance with the relevant laws, regulations, the Hong Kong Listing Rules, other regulations of the securities regulatory authority in the Company's place of listing, and the current or amended Articles of Association.

Article 31 These rules shall be adopted by the Company's general meeting and shall take effect on the date the Company's H-shares are listed on the Hong Kong Stock Exchange. Upon the effective date of these rules, the Company's previous rules governing connected transactions shall automatically cease to be in effect. The Company's board of directors shall be responsible for interpreting, explaining, and amending these rules.

Appendix 1 Definition of an Associate

In accordance with the Hong Kong Listing Rules, associates of any Basic Connected Person, including:

1. Where the Basic Connected Person is an individual
 - (1) the spouse of the individual, and any child or step-child (natural or adopted) of the individual or his/her spouse under the age of 18 years (the “**Immediate Family Member**”);
 - (2) the trustee of any trust acting as trustee in favor of that individual or any Immediate Family Member thereof (excluding employee stock plans or occupational retirement benefit plans established for a broad group of participants, where the aggregate interest of connected parties in such a plan is less than 30 percent) or, in the case of a discretionary trust, the subject of (to his/her knowledge) the discretionary trust;
 - (3) a controlled company (as defined in the Hong Kong Listing Rules), 30% of shares of which are held directly or indirectly by the Basic Connected Person, their Immediate Family Member and/or the trustee (individually or jointly), or any subsidiary of the company;
 - (4) any person with whom he/she cohabits like a spouse, any child, step-child, parent, step-parent, sibling, step-sibling (the “**Family**”); or any company in which a family member (individually or jointly) directly or indirectly holds or in which a family member, together with himself/herself, his/her Immediate Family Member and/or the trustee holds a majority of control, or any subsidiary of the company; and
 - (5) if the Basic Connected Person, their Immediate Family Member and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under Chinese law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be the associate of such a Basic Connected Person.

**APPENDIX VI DETAILS OF THE PROPOSED AMENDMENTS TO THE
MANAGEMENT RULES FOR CONNECTED TRANSACTIONS**

2. Where the Basic Connected Person is a company (i.e. the major corporate shareholder)
 - (1) a subsidiary of a major corporate shareholder, a controlling company or a fellow subsidiary of the controlling company (the “**Affiliate**”);
 - (2) the trustee of any trust acting as trustee in favor of the major corporate shareholder or, in the case of a discretionary trust, the subject of the discretionary trust (to the major corporate shareholder’s knowledge);
 - (3) a controlled company, 30% of shares of which are held directly or indirectly by the Basic Connected Person, their Affiliate and/or the trustee (individually or jointly), or any subsidiary of the company; and
 - (4) if the Basic Connected Person, their Affiliate and/or the trustee jointly hold, directly or indirectly, the paid-up capital or assets of any cooperative or contractual joint venture company (whether or not the joint venture company is an independent corporation) or have an interest of 30% or more of the profit or other income of the joint venture company under the contract (or as applicable under Chinese law in relation to triggering a mandatory public offer or establishing other percentages of legal or managerial control over the enterprise), the joint venture partner of the joint venture company shall be the associate of such a Basic Connected Person.

**Terms of Reference for Independent
Non-Executive Directors**

OF

Shanghai Bao Pharmaceuticals Co., Ltd.

CHAPTER 1 GENERAL PROVISIONS

Article 1 For the purposes of further improving the corporate governance structure, establishing a modern enterprise system, enhancing the composition of the Board of Directors, protecting the interests of minority shareholders and stakeholders, and promoting the standardized operation of the Company, these Terms of Reference for independent non-executive directors are formulated in accordance with the relevant provisions of the Company Law of the People’s Republic of China (the “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and the Articles of Association of the Company (the “Articles of Association”).

Article 2 Independent non-executive directors shall perform their duties independently and impartially, free from the influence of the major shareholders, actual controllers of the Company or any other entities and individuals with interests in the Company. Upon identifying any circumstances that may affect their independence in respect of matters under review, they shall declare the same to the Company and recuse themselves accordingly. If circumstances arise during their tenure that materially affect their independence, they shall promptly notify the Company and tender their resignation.

Article 3 Independent non-executive directors have the obligation to act in good faith and due diligence towards the Company and all shareholders. Independent non-executive directors shall diligently perform their duties in accordance with the requirements of relevant laws and regulations, the regulations of the China Securities Regulatory Commission (the “CSRC”), the securities regulatory rules of the place where the Company’s shares are listed, the Measures for the Administration of Independent Directors of Listed Companies and the Articles of Association, with a view to safeguarding the overall interests of the Company and, in particular, ensuring that the legal interests of minority shareholders are not prejudiced.

Independent non-executive directors shall perform their duties independently, free from the influence of the major shareholders, actual controllers or any other entities or individuals.

Article 4 Independent non-executive directors shall guarantee they will devote sufficient time to perform their duties. In principle, an independent non-executive director shall devote at least 15 days per year to visit the Company to familiarize himself/herself with the daily operation, financial management and other standardized operation onsite, and make a statement to the Board of Directors on whether he/she will have sufficient time and energy to effectively perform his/her duties as an independent non-executive director before taking office.

CHAPTER 2 QUALIFICATIONS

Article 5 Independent non-executive directors of the Company shall be elected or replaced by the general meeting and shall be accountable to all shareholders of the Company. The number of independent non-executive directors shall not fall below the minimum number

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

required by the Stock Exchange for independent non-executive directors of listed companies. Independent non-executive directors shall constitute at least one-third of the members of Board of Directors, and the total number shall not be fewer than three, including at least one accounting professional.

Article 6 In the event that the number of independent non-executive directors falls below the minimum requirement prescribed by Article 5 of these Terms of Reference as a result of an independent non-executive director failing to comply with the abovementioned conditions of independence or being unfit to perform his/her duties, the Company shall appoint additional independent non-executive directors to meet the requirement.

Article 7 Independent non-executive directors and persons proposed to be appointed as independent non-executive directors shall attend periodic training as required by the Stock Exchange.

Article 8 Independent non-executive directors of the Company shall meet the following basic conditions:

- (1) possess the qualifications to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;
- (2) satisfy the independence requirements set out in Article 10 of these Terms of Reference and Rule 3.13 of the Hong Kong Listing Rules;
- (3) have a basic knowledge of corporate operations and be familiar with relevant laws, administrative regulations, rules and regulations;
- (4) have at least five years of professional experience in law, economics, finance, management or other fields necessary for the perform of the duties of an independent non-executive director;
- (5) be capable of satisfying The Stock Exchange of Hong Kong Limited that his/her character, integrity, experience, competence and independence are sufficient to enable him/her to effectively perform the duties of an independent non-executive director;
- (6) have no material record of dishonesty or other adverse conduct;
- (7) other conditions required by laws, administrative regulations, the securities regulatory rules of the place of listing and the Articles of Association.

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

Article 9 In addition to an exemption having been granted by the relevant stock exchange of the place of listing, a candidate for appointment as independent non-executive director should generally not fall within any of the following circumstances, as his/her independence would in such cases be highly likely to be called into question by the stock exchange:

- (1) the person holds more than 1% of the issued share capital of the Company;
- (2) the person has received or is receiving any securities interest in the Company from the Company or any of its core connected persons, whether by way of gift or other financial assistance, unless such interest was received as part of his/her remuneration as a director or through a share scheme;
- (3) the person is or was a director, partner or principal of a professional adviser that is currently providing or has provided services to any of the following within the two years prior to the proposed appointment, or is or was an employee of such professional adviser who is or was involved in providing such services: (a) the Company, its holding company or any of their respective subsidiaries or core connected persons; or (b) any person who was a controlling shareholder of the Company within two years prior to the date of the proposed appointment as independent non-executive director, or any of their close associates;
- (4) the person currently has, or has had within one year prior to the date of the proposed appointment as independent non-executive director, a material interest in any principal business activity of the Company, its controlling shareholders or their respective subsidiaries; or the person is or was involved in material commercial transactions with the Company, its controlling shareholders or their respective subsidiaries, or with any core connected persons of the Company;
- (5) the person is appointed to the Board of Directors for the purpose of protecting the interests of an entity whose interests differ from those of the shareholders as a whole;
- (6) the person is or was, within two years prior to the date of the proposed appointment as independent non-executive director, connected with any director, chief executive officer, general manager or major shareholder of the Company;
- (7) the person is or was, within two years prior to the date of the proposed appointment as independent non-executive director, an officer or director (other than an independent non-executive director) of the Company, its controlling shareholders or any of their respective subsidiaries, or any core connected persons of the Company;
or
- (8) the person is financially dependent on the Company, its controlling shareholders or any of their respective subsidiaries, or any core connected persons of the Company.

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

The “core connected persons” referred to in the preceding paragraph shall have the meaning ascribed thereto under the Hong Kong Listing Rules, and include directors, chief executive officers, general managers, major shareholders of the Company or any of its subsidiaries, and their respective close associates.

In determining the independence of a candidate for independent non-executive director pursuant to this Article, the same considerations shall apply equally to the candidate’s spouse, parents, and children or stepchildren under the age of 18 of the candidate (or of his/her spouse), subject to the regulations of the stock exchange of the place of listing.

Article 10 Candidates for appointment as independent non-executive directors shall have no adverse records. Persons with any of the following adverse records shall not be eligible for nomination as independent non-executive directors of the Company:

- (1) having been subject to an administrative penalty imposed by a securities regulatory authority within the past three years;
- (2) being within a period during which they have been publicly determined by a stock exchange to be unfit to serve as a director of a listed company;
- (3) public censure or more than two public reprimands imposed by stock exchanges in the past three years;
- (4) failure to attend Board meetings for two consecutive times, or failure to attend over one third of the Board meetings of the current year in person during his/her service as independent non-executive Director;
- (5) obvious discrepancy of his/her independent opinions from the facts during his/her service as independent non-executive director.

Article 11 In principle, an independent non-executive director shall hold no more than three concurrent appointments as independent non-executive director of other companies, and shall ensure that he/she has sufficient time and energy to effectively perform his/her duties as an independent non-executive director of the Company. If an independent non-executive director serves as a director of seven or more listed companies (whether domestic or overseas), additional explanation shall be required as to why such person is able to devote sufficient time to the role.

Article 12 Any person who has served as an independent non-executive director of the Company for six consecutive years shall not be eligible for re-appointment to that position on a consecutive basis.

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

Article 13 A person nominated as a candidate for independent non-executive director in the capacity of an accounting professional shall possess substantial accounting expertise and experience, satisfy the requirements under the Hong Kong Listing Rules with respect to accounting or financial management expertise for independent directors, and hold at least one of the following four qualifications of Certified Public Accountant (CPA), Senior Accountant, Associate Professor in Accounting, or a doctoral degree in accounting.

CHAPTER 3 NOMINATION, ELECTION AND APPOINTMENT

Article 14 The Board of Directors of the Company, ~~the Board of Supervisors~~, and shareholders who individually or collectively hold more than 1% of the issued share capital of the Company for a continuous period of more than 180 days may nominate candidates for independent non-executive directors, whose appointment shall be determined by election at the general meeting.

Article 15 The nominator of an independent non-executive director shall obtain the consent of the nominee prior to making the nomination. The nominator shall be thoroughly acquainted with the nominee's occupation, education, professional title, detailed work experience and all concurrent positions held, and shall express an opinion on the nominee's qualifications and independence for the role. The nominee shall make a public declaration that there is no relationship between himself/herself and the Company that could affect his/her independent and objective judgement. Prior to the convening of the general meeting at which the election of independent non-executive directors is to take place, the Board of Directors shall disclose the foregoing information to the general meeting.

Article 16 Each term of office of an independent non-executive director shall be the same as that of the other directors of the Company. Upon expiration of the term, an independent non-executive director may be re-elected for re-appointment, provided that the total consecutive period of service shall not exceed six years. The term of office of an independent non-executive director shall commence from the date of adoption of the relevant resolution by the general meeting and shall expire upon the conclusion of the current term of the Board of Directors.

Article 17 Independent non-executive directors shall attend Board meetings in person. In the event that an independent non-executive director is unable to attend the meeting in person for any reason, he/she shall review the meeting materials in advance, form a definitive opinion, and authorize another independent non-executive director in writing to attend on his/her behalf.

If an independent non-executive director fails to attend two consecutive Board meetings in person and also fails to appoint another independent non-executive director to attend on his/her behalf, the Board of Directors shall propose to the general meeting that such director be replaced. Save for the foregoing circumstances and any circumstances in which a person is disqualified from serving as a director under the Company Law, the Company may remove an independent non-executive director prior to the expiration of his/her term of office through the

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

legal procedures. In the event of early removal, the Company shall disclose such removal to the general meeting as a special matter. If a dismissed independent non-executive director is of the opinion that the reason relating to his/her dismissal by the Company is not justifiable, he/she may make a public statement.

Article 18 An independent non-executive director who ceases to meet the qualification requirements for the role following his/her appointment shall resign from office within 30 days from the date on which such circumstances arise. If he/she fails to resign as required, the Board of Directors shall initiate the decision-making procedures to remove him/her from the position within two days.

Article 19 An independent non-executive director may tender his/her resignation prior to the expiration of the term of office. A resignation shall be submitted to the Board of Directors by way of a written resignation report, setting out any circumstances relating to the resignation or any matters which the independent non-executive director considers should be brought to the attention of shareholders and creditors.

If the resignation of an independent non-executive director would cause the proportion of independent non-executive directors on the Board of Directors to fall below the minimum requirement prescribed in the Articles of Association, or would cause the total number of directors on the Board of Directors to fall below the statutory minimum, the resignation report shall not take effect until a successor independent non-executive director has been appointed to fill the vacancy. The original nominator of such independent non-executive director or the Board of Directors shall nominate a new candidate for independent non-executive director within 90 days from the date of resignation. Before a re-elected independent non-executive director takes office, the resigning independent non-executive director shall continue to perform his/her duties in accordance with relevant laws and regulations, departmental rules, normative documents, the Articles of Association and these Terms of Reference.

Save for the circumstances set out in the preceding paragraph, the resignation of an independent non-executive director shall take effect upon delivery of the resignation report to the Board of Directors.

CHAPTER 4 DUTIES AND AUTHORITIES

Article 20 In addition to the duties and authorities conferred on directors by the Company Law and other relevant laws and regulations, independent non-executive directors shall have the following special duties and authorities:

- (1) connected transactions that are required to be disclosed shall be approved by the independent non-executive directors before being submitted to the Board of Directors for discussion; prior to forming their judgement, independent non-executive directors may engage an intermediary to prepare an independent financial adviser's report as a basis for such judgement;

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

- (2) to make proposals to the Board of Directors regarding the engagement or dismissal of accounting firms;
- (3) to request the Board of Directors to convene an extraordinary general meeting;
- (4) to propose the convening of Board meetings;
- (5) to independently engage external auditors and consulting firms; and
- (6) to solicit voting rights from shareholders publicly prior to the convening of the general meeting.
- (7) other duties and authorities as prescribed by relevant laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The matters referred to in items (1) and (2) above shall require the approval of more than one-half of the independent non-executive directors before being submitted to the Board of Directors for discussion.

If any of the above proposals are not adopted or the above duties and authorities cannot be exercised in the normal course, the Company shall make disclosure of the relevant circumstances.

Independent non-executive directors shall constitute a majority of the members of the Audit Committee, Nomination Committee and Remuneration ~~and Appraisal~~ Committee established under the Board of Directors.

Article 21 In addition to the duties set out above, independent non-executive directors shall express independent opinions to the Board of Directors or the general meeting on the following matters:

- (1) the nomination or removal of directors;
- (2) the appointment or dismissal of senior management;
- (3) the remuneration of directors and senior management of the Company;
- (4) ~~related~~ connected transactions involving the shareholders, actual controllers of the Company and their connected enterprises that are required to be disclosed;
- (5) any matters which the independent non-executive directors consider may prejudice the legal interests of minority shareholders;
- (6) other matters as may be required under relevant laws, regulations, rules and the Articles of Association.

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

Independent non-executive directors shall express one of the following categories of opinion on the above matters: agreement; qualified opinion with reasons; dissenting opinion with reasons; inability to express an opinion with an explanation of the obstacles thereto. If independent non-executive directors are unable to reach a consensus due to differences of opinion, each independent non-executive director shall express his/her opinion separately.

Article 22 In order to ensure that independent non-executive directors are able to exercise their duties and authorities effectively, the Company shall provide the necessary conditions for independent non-executive directors as follows:

- (1) the Company shall ensure that independent non-executive directors enjoy the same right to information as other directors. In respect of all matters requiring a decision of the Board of Directors, the Company shall notify independent non-executive directors in advance within the legally prescribed time and provide sufficient materials at the same time. If an independent non-executive director considers the materials to be insufficient, he/she may request supplementary information. If two or more independent non-executive directors jointly consider the materials to be insufficient or the supporting rationale to be unclear, they may jointly submit a written request to the Board of Directors to postpone the Board meeting or defer consideration of the relevant matter, and the Board of Directors shall accede to such request. Materials provided by the Company to independent non-executive directors shall be retained by both the Company and the relevant independent non-executive directors for a minimum period of five years;
- (2) the Company shall provide the working conditions necessary for independent non-executive directors to perform their duties. The secretary to the Board of Directors shall render active assistance to independent non-executive directors in the performance of their duties, including by providing briefings and supplying relevant materials. If independent opinions, proposals or written statements made by independent non-executive directors are required to be published as announcements, the secretary to the Board of Directors shall promptly attend to the filing of such announcements with the relevant stock exchange;
- (3) relevant personnel of the Company shall cooperate fully when independent non-executive directors exercise their duties and authorities, and shall not refuse, obstruct or conceal information from them, nor interfere with their independent exercise of such duties and authorities;
- (4) fees payable to intermediaries engaged by independent non-executive directors, and other expenses incurred in the exercise of their duties and authorities, shall be borne by the Company;

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

- (5) the Company shall provide independent non-executive directors with appropriate allowances. The standard for such allowances shall be determined by the Board of Directors in a preliminary proposal and shall be subject to approval by the general meeting;

Save for the allowances referred to above, independent non-executive directors shall not receive any additional, undisclosed benefits from the Company, its major shareholders or any interested entities or individuals.

- (6) the Company may, as necessary, establish an appropriate directors' liability insurance arrangement for independent non-executive directors, with a view to mitigating the risks that may arise from the normal perform of their duties.

Article 23 Independent non-executive directors shall actively take the initiative in performing their due diligence obligations and engage intermediaries for specific investigations when necessary if he/she identified any of the following circumstances within the Company:

- (1) failure to submit significant matters for consideration by the Board of Directors as required;
- (2) non-performance of obligation for timely disclosure of information;
- (3) presence of misrepresentations, misstatements or material omissions in publicly available information;
- (4) other circumstances for alleged non-compliance and violations or infringement on the interests of public shareholders.

Article 24 Independent non-executive directors of the Company shall present a report on the performance of their duties at the general meeting. Such report shall include, but shall not be limited to, the following:

- (1) the number of Board meetings and general meetings attended and voting record during the last year;
- (2) independent opinions expressed;
- (3) work undertaken to protect the legal interests of shareholders;
- (4) other work performed in the capacity of independent non-executive director, such as proposals to convene Board meetings, proposals to engage or dismiss accounting firms, and the independent engagement of external auditors and consulting firms.

**APPENDIX VII DETAILS OF THE PROPOSED AMENDMENTS TO THE TERMS OF
REFERENCE FOR INDEPENDENT NON-EXECUTIVE DIRECTORS**

Article 25 In addition to attending Board meetings, independent non-executive directors shall ensure that they devote sufficient time each year to conducting on-site inspections of the Company's production and business operations, the establishment and implementation of its management and internal control systems, and the implementation of Board resolutions.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 26 Any matters not covered in these Terms of Reference shall be implemented in accordance with relevant laws, regulations, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the relevant provisions of the Articles of Association. In the event of any inconsistency between these Terms of Reference and relevant laws, regulations, normative documents, the securities regulatory rules of the place of listing or the Articles of Association, the provisions of such laws, regulations, normative documents, securities regulatory rules and the Articles of Association shall prevail.

Article 27 The Board of Directors, as authorized by the general meeting, shall be responsible for the interpretation of these Terms of Reference.

Article 28 For the purpose of these Terms of Reference, "above" shall include the figures listed; "more than" and "exceed" shall exclude the figures listed.

Article 29 Any amendment to these Terms of Reference shall be proposed by the Board of Directors and submitted to the general meeting for consideration and approval.

Article 30 These Terms of Reference shall be considered and approved by the general meeting of the Company and shall come into effect on the date on which the H Shares of the Company are listed on The Stock Exchange of Hong Kong Limited. The original Terms of Reference of the Company shall automatically cease to have effect from the date on which these Terms of Reference takes effect.

**RULES OF PROCEDURE FOR
GENERAL MEETINGS**

OF

Shanghai Bao Pharmaceuticals Co., Ltd.

CHAPTER 1 GENERAL PROVISIONS

Article 1 To safeguard the legitimate rights and interests of Shanghai Bao Pharmaceuticals Co., Ltd. (hereinafter referred to as the “Company”) and its shareholders, define the duties and authorities of the general meetings, ensure the orderly, efficient and stable operation of the general meetings and the exercise of their powers and functions in accordance with the law, ensure that shareholders effectively exercise their rights, and protect the legitimate rights and interests of shareholders, the Rules of Procedure for General Meetings (hereinafter referred to as the “Rules”) are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”), the Articles of Association of Shanghai Bao Pharmaceuticals Co., Ltd. and other applicable laws, as well as the laws of the place where the Company’s shares are listed, and in consideration of the actual circumstances of the Company.

Article 2 The Rules shall apply to the general meetings of the Company and shall be binding upon the Company, all shareholders, authorized representatives of shareholders, the directors, the general manager, ~~the supervisor~~, the deputy general managers, the chief financial officer, the secretary to the board of directors, and any other relevant persons attending or observing the general meetings.

Article 3 The general meetings of the Company shall consist of all shareholders, and shall exercise the powers and functions conferred upon it by law, the Listing Rules and the Articles of Association in accordance with the law. No entity or individual shall unlawfully interfere with a shareholder’s disposal of its own rights.

Article 4 Shareholders who legally hold shares in the Company shall have the right to attend the general meetings in person or to appoint authorized representatives to attend the general meetings on their behalf, and shall enjoy the rights to information, to speak, to inquire and to vote in accordance with the law and the Rules. Shareholders and authorized representatives of shareholders attending the general meetings shall strictly comply with the provisions of the Company Law and other applicable laws, the Articles of Association and the Rules, shall uphold the order of the meeting, and shall not infringe upon the lawful rights and interests of other shareholders.

Article 5 The board of directors of the Company shall strictly comply with the relevant provisions of the Company Law and other applicable laws, the Listing Rules, the Articles of Association and the Rules concerning the convening of general meetings, and shall duly and promptly convene such meetings. All directors of the Company shall act diligently and responsibly to ensure that the general meetings are properly convened and exercise their powers and functions in accordance with the law.

Article 6 The secretary to the board of directors of the Company shall be responsible for the preparation and organization of general meetings.

CHAPTER 2 GENERAL RULES OF GENERAL MEETINGS

Article 7 Matters that are required by law or the Articles of Association to be decided by the general meetings must be considered by the general meetings to ensure that shareholders exercise their decision-making rights over such matters. The general meetings shall exercise their powers and functions within the scope prescribed by law and the Articles of Association.

Article 8 The general meeting is the organ of authority of the Company, and shall exercise the following functions and powers according to law:

- (1) to elect and replace the directors ~~and supervisors~~ who are not employee representatives and to decide on the matters relating to the remuneration of directors ~~and supervisors~~;
- (2) to consider and approve the reports of the board of directors;
- (3) ~~to consider and approve the reports of the Board of Supervisors;~~
- (4) ~~to review and approve the annual financial budgets and final accounts of the Company;~~
- (3) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (4) to resolve on the increase or decrease of the registered capital of the Company;
- (5) to resolve on the issuance of corporate bonds or other securities and listing;
- (6) to resolve on the merger, division, dissolution, liquidation or form change of the Company;
- (7) to amend the Articles of Association;
- (8) to resolve on the appointment and dismissal of accounting firms and the remuneration of accounting firms;
- (9) to consider and approve the guarantees prescribed in the Articles of Association ~~485~~ hereof;
- (10) to consider and approve the purchase or sale of major assets of the Company in excess of 30% of the Company's latest audited total assets within one year;
- (11) to consider and approve changes in the use of proceeds;

- (124) to consider the equity incentive schemes and employee shareholding schemes;
- (135) to consider the repurchase of the Company's shares in accordance with the circumstances stipulated in the Articles of Association;
- (146) to consider and approve the major transactions and connected transactions that shall be considered and approved at the general meeting as required by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (157) to consider other matters that shall be decided at the general meeting as required by laws, administrative regulations, departmental rules, regulatory documents, relevant provisions of the Listing Rules and the Articles of Association.

The general meeting may authorize or entrust the board of directors to handle the matters authorized or entrusted by it without violating the mandatory provisions of laws, regulations and the listing rules of the place of listing.

Article 9 The following external guarantees of the Company shall be considered and approved at the general meeting:

- (1) any guarantees to be provided after the total amount of external guarantees of the Company and its holding subsidiaries have exceeded 50% of their latest audited net assets;
- (2) any guarantees to be provided after the total amount of external guarantees of the Company have exceeded 30% of its latest audited total assets;
- (3) any guarantees provided by the Company within one year with an amount exceeding 30% of its latest audited total assets;
- (4) any guarantees to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (5) any single guarantee with an amount more than 10% of the latest audited net assets;
- (6) any guarantees to be provided for shareholders, actual controllers and their connected related parties;
- (7) other external guarantees that shall be considered and approved by the general meeting as required by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

When the resolution on providing guarantee for a shareholder, actual controller and their connected persons (as defined in the Listing Rules) is considered at a general meeting, such shareholder or shareholders controlled by such actual controller shall not participate in the voting, and such voting shall be passed by more than half of the voting rights of other shareholders attending the general meeting.

If the Company provides guarantees for a connected person (as defined in the Listing Rules), it shall comply with the applicable requirements of the Listing Rules (save for the exemption granted by the Hong Kong Stock Exchange).

If any director, general manager, deputy general manager and other senior management violate the laws or the Articles of Association or the Rules on the approval authority and review procedures for external guarantee matters and cause losses to the Company, they shall be liable for compensation and the Company may file a lawsuit against them in accordance with the law.

Article 10 General meetings include annual general meetings and extraordinary general meetings. The general meetings convened for a year are extraordinary general meetings except annual general meetings. Extraordinary general meetings should be held in the order specified for the convening years.

Article 11 Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

Article 12 The Company shall convene an extraordinary general meeting within two months after the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses reach one third of the Company's total paid share capital;
- (3) where requested by shareholder(s) holding, independently or collectively, 10% or more of the Company's shares (the number of shares held is calculated based on the number of shares held on the date when the written request is made);
- (4) the board of directors considers it necessary to hold such a meeting;
- (5) ~~the board of supervisors~~ audit committee proposes to hold such a meeting;
- (6) when a meeting is proposed with the consent of more than half of all independent non-executive directors of the Company;
- (7) other circumstances stipulated by laws, administrative regulations, departmental rules, regulatory rules of the places where the Company's shares are listed or the Articles of Association.

CHAPTER 3 CONVENING OF GENERAL MEETINGS

Article 13 The board of directors shall convene the general meeting on time within the period prescribed in Article 11 and 12 of these Rules.

Article 14 With the consent of more than half of all independent non-executive directors, independent non-executive directors are entitled to propose to the board of directors to convene an extraordinary general meeting. For such proposal, the board of directors shall, in accordance with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association, reply in writing within 10 days upon the receipt of the proposal as to whether the board of directors agrees or not to convene the extraordinary general meetings.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting will be given within 5 days after the resolution is passed; if the Board does not agree to convene an extraordinary general meeting, it shall explain the reasons in writing and make an announcement.

If the securities regulatory authority in the place where the company's shares are listed has other provisions, such provisions shall prevail.

Article 15 ~~The board of supervisors~~ audit committee has the right to propose to the board of directors to convene an extraordinary general meeting, and ~~the board of supervisors~~ audit committee shall put forward its proposal in writing to the board of directors. The board of directors shall, in accordance with laws, administrative regulations, the Listing Rules and the Articles of Association, put forward written feedback on whether to agree or not to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the board of directors is passed. The changes to the original proposal in the notice shall be approved by the ~~board of supervisors~~ audit committee.

If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback in writing within 10 days upon receipt of the proposal, it shall be deemed that the board of directors is unable or fails to perform its duties of convening the extraordinary general meeting, and ~~the board of supervisors~~ audit committee may convene and preside over the extraordinary general meeting on its own.

Article 16 Shareholders who individually or collectively hold 10% or more of the Company's shares have the right to request the board of directors to convene an extraordinary general meeting. Any shareholder who proposes to convene an extraordinary general meeting shall submit such proposal in writing to the board of directors. The board of directors shall, in

accordance with laws, administrative regulations, the Listing Rules and the Articles of Association, put forward written feedback on whether to convene or not to convene the extraordinary general meeting within 10 days upon receipt of the request.

If the board of directors agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days after the resolution of the board of directors is passed. Any changes to the original proposal in the notice shall be approved by the relevant shareholders.

If the board of directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the proposal, shareholders who individually or collectively hold 10% or more of the Company's shares have the right to propose to the ~~board of supervisors~~ audit committee to convene an extraordinary general meeting, and such proposal shall be made in writing.

If the ~~board of supervisors~~ audit committee agrees to convene an extraordinary general meeting, a notice of such meeting will be issued within 5 days upon receipt of the proposal. Any changes to the original proposal in the notice shall be approved by relevant shareholders.

If the ~~board of supervisors~~ audit committee fails to issue a notice of the general meeting within the prescribed time limit, the board of supervisors shall be deemed to have failed to convene and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on their own.

Article 17 If the ~~board of supervisors~~ audit committee or shareholders decide to convene a general meeting on their own, they shall give written notice to the board of directors and issue the notice of the general meeting. In addition to complying with the provisions of the Articles of Association and Article 19 of the Rules, the content of the notice shall also comply with the following requirements:

- (1) The proposal may not introduce any new content; otherwise, the proposing shareholders or the ~~board of supervisors~~ audit committee shall re-submit a request to the board of directors for convening an extraordinary general meeting in accordance with the procedures set out above;
- (2) The venue of the meeting shall be the domicile of the Company. The shareholding of the convening shareholders shall not be less than 10% before the making of the resolutions of the general meeting.

The board of directors and the secretary to the board of directors shall cooperate with the general meetings convened by the ~~board of supervisors~~ audit committee or the shareholders on their own. The board of directors shall provide the register of member on the equity registration date. The register of members obtained by the convener shall not be used for any purpose other than convening the general meeting.

Article 18 If the ~~board of supervisors~~ audit committee or the shareholders convene a general meeting on their own, the necessary expenses of the meeting shall be borne by the Company.

CHAPTER 4 PROPOSALS AND NOTICES OF GENERAL MEETINGS

Article 19 The content of the proposals shall fall within the terms of reference of the general meeting, have clear topics and specific resolutions, and be in compliance with the relevant provisions of laws and the Articles of Association.

Proposals at the general meeting shall be in writing.

Article 20 When a Company convenes a general meeting, the board of directors, the ~~board of supervisors~~ audit committee and the shareholders who individually or collectively hold 1% or more of the shares of the Company have the right to put forward proposals to the Company. The convener shall include the matters within the scope of duties of the general meeting as proposed in the proposal into the agenda of such meeting.

Shareholders who individually or collectively hold 1% or more of the shares of the Company may put forward an interim proposal and submit it in writing to the convener 10 days before the general meeting. The convener shall, within 2 days after receiving the proposal, issue a supplementary notice of the general meeting to announce the content of the interim proposal, and submit the interim proposal to the general meeting for consideration. The extraordinary proposals carry specific subjects and matter to be resolved that fall within the scope of authority of the general meeting.

Except for the circumstances prescribed in the preceding paragraph, after the convener has issued the notice of general meeting, the convener may not modify the proposals already listed in the general meeting notice or add new proposals.

Proposals that are not specified in the notice of the general meeting or that do not comply with the provisions of Article 19 of the Rules shall not be voted on and resolved at the general meeting.

Article 21 Where the Company convenes an annual general meeting, a written notice shall be given at least 21 days before the date of the meeting. Where the Company convenes an extraordinary general meeting, a written notice shall be given at least 15 days before the date of the meeting.

The calculation of the notice period shall exclude the date of the meeting. If the general meeting is required to be postponed due to the issuance of a supplementary notice under the securities regulatory rules of the place where the Company's shares are listed, the general meeting shall be postponed in accordance with such securities regulatory rules.

Unless otherwise provided by applicable laws, regulations and the securities regulatory authorities of the place where the Company's shares are listed, such provisions shall prevail.

Article 22 Notice of a general meeting shall be given to shareholders (whether or not entitled to vote at the general meeting) by hand or by pre-paid post, addressed to the address of the shareholder recorded in the register of members, or by way of an announcement.

The "announcement" referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority under the State Council and the regulatory authorities of the place of listing, and on the Company's website and the website of the stock exchange. Upon such publication, all domestic shareholders shall be deemed to have received the notice of the relevant general meeting.

For H shareholders, notices of general meetings, circulars to shareholders and relevant documents may be published by means of the Company's website and the website of The Stock Exchange of Hong Kong Limited, provided that such publication complies with the relevant laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

Article 23 The notice of general meeting shall include the following contents:

- (1) the time, venue and duration of the meeting;
- (2) the matters and proposals to be considered at the meeting;
- (3) a prominent written statement as follows: all shareholders have the right to attend the general meeting, and may authorize in written form a proxy, who need not necessarily be a shareholder of the Company, to attend and vote at the meeting;
- (4) the equity registration date of shareholders entitled to attend general meetings;
- (5) the name and phone number of the regular contact person for the meeting;
- (6) voting time and voting procedures through internet or other means;
- (7) other requirements stipulated in the laws, regulations, departmental rules, regulatory rules of securities of the place where the Company's shares are listed and the Articles of Association.

Article 24 The notice and supplementary notice of the general meeting shall contain the contents as required by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and the Articles of Association, and shall fully and completely disclose all the specific contents of all proposals. If the independent non-executive directors are required to express their opinions on matters to be discussed, the notice or supplementary notice of the general meeting will be issued with disclosure of the independent non-executive directors' opinions and reasons. The notice of a general meeting shall provide a sufficient and clear description of the resolutions proposed at the meeting and, in respect of any resolution requiring a vote, shall give advice to the directors as to how the shareholders should vote in the best interests of the shareholders as a whole. The notice of the general meeting should clearly state whether (and how) shareholders who attend the general meeting by remote means may vote.

Article 25 After the notice of general meeting has been issued, unless there is a justified reason, the same meeting shall not be postponed or cancelled, and resolutions proposed in the notice of general meeting shall not be cancelled either. In the event of postponement or cancellation, the convener shall issue an announcement at least two (2) working days prior to the date on which the meeting is originally scheduled and provide the reasons. If the listing rules of the place where the Company's shares are listed have specific provisions, such provisions shall be complied with.

CHAPTER 5 CONVENING OF GENERAL MEETINGS

Article 26 The general meeting shall be held at the Company's domicile or at such place as specified in the notice of the general meeting.

The general meeting shall be held as physical meetings. The Company shall also provide conveniences for shareholders to participate in the general meeting by means such as internet, television or teleconference, or such other means as permitted by the listing rules of the place where the Company's shares are listed. Shareholders participating in the general meeting by such means shall be deemed to be present at the meeting.

Shareholders may attend the general meeting in person or appoint a proxy to attend and exercise their voting rights on their behalf within the scope of authority. Both methods shall have the same legal effect.

Article 27 The board of directors and any other conveners shall take necessary measures to guarantee the good order of the general meeting. Measures shall be taken to deter any act disturbing the shareholders meeting, picking quarrels and provoking troubles and infringing the legal rights and interests of any shareholder, and such act shall be reported in a timely manner to the relevant departments for investigation and punishment.

Article 28 All ordinary shareholders registered in the list on the equity registration date and their proxies shall be entitled to attend the general meeting and the Company and the persons convening the meeting may not refuse their attending for any reason.

Article 29 Where a shareholder appoints a proxy to attend the general meeting on his/her behalf, the appointment shall be made in writing. The proxy shall lodge with the Company a power of attorney and exercise voting rights within the scope of authority conferred. The power of attorney shall specify the following:

- (1) the name of the appointer, the class and number of shares held by the appointer;
- (2+) the name of the proxy;
- (32) the specific instructions to the proxy, including instructions to vote for, against or abstain from each matter listed on the agenda of the general meeting ~~whether the proxy has voting rights;~~
- (3) ~~instruction to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;~~
- (4) the date of issue and validity period of the power of attorney;
- (5) signature (or seal) of the appointer. If the appointer is a corporate shareholder, the seal of the corporate unit shall be affixed.

If the Listing Rules have special provisions on the power of attorney, such provisions shall prevail.

Article 30 Individual shareholders who attend the meeting in person shall present their identity cards or other valid certificates that prove their identities, in addition to their stock account cards; if a proxy is entrusted to attend the meeting, the proxy should present his/her valid identity document and a power of attorney from the shareholder.

For legal person shareholders, their legal representatives or authorized proxies shall attend the meeting on their behalf. Legal representatives who attend the meeting shall present their valid identity cards and valid certificates proving their qualifications as legal representatives; proxies who attend the meeting on behalf of shareholders shall present their valid identity cards and a written power of attorney issued by the legal representative of the legal person shareholder unit.

If a shareholder is an unincorporated organization, the person in charge of the organization or a proxy appointed by the person in charge shall attend the meeting. The person in charge of the organization should present his/her identity card and a valid certificate proving

his/her qualifications to be the person in charge when attending the meeting. If a proxy is appointed to attend the meeting, the proxy shall produce his/her identity card and a written power of attorney issued by the person in charge of the organization according to law.

If the power of attorney for proxy voting is signed by another person authorized by the appointer, the power of attorney or other authorization document authorizing the signing shall be notarized. The notarized power of attorney or other documents of authorization and the proxy form shall be deposited at the domicile of the Company or such other place as may be specified in the notice convening the meeting.

The power of attorney shall specify the number of shares represented by the proxy, the name of the proxy, the matters being delegated, the scope of authority, the issuance date, and the validity period. It shall be signed by the appointer. If the appointer is a corporate shareholder, it shall bear the corporate seal or be signed by its director or duly appointed proxy.

Article 31 The power of attorney for voting shall be lodged at the Company's domicile or at such other place as specified in the notice convening the meeting at least twenty-four hours before the time of the relevant meeting for which the proxy is appointed, or at least twenty-four hours before the specified time for voting.

If the power of attorney for voting is signed by another person authorized by the appointer, the power of attorney or other authorization document authorizing the signing shall be notarized. The notarized power of attorney or other documents of authorization and the power of attorney for voting shall be deposited at the domicile of the Company or such other place as may be specified in the notice convening the meeting.

If the appointer is a legal entity, its legal representative or a person authorized by a resolution of its board of directors or other decision-making body shall attend the general meetings of the Company as its representative.

If the appointing shareholder is a recognized clearing house (or its proxies) as defined in the relevant ordinances enacted in Hong Kong from time to time, such shareholder may authorize his corporate representative or such person(s) it deems appropriate to attend at any general meeting or any class of general meeting as its representative; however, if more than one person is authorized, the power of attorney or letter of authority should specify the number and type of shares for which each such person is authorized, and the power of attorney should be signed by an authorized officer of a recognized clearing house. A person so authorized may attend meetings on behalf of the recognized clearing house (or by its proxy) (where proof of shareholding is not required and a notarized authorization and/or further evidence confirming that it is officially authorized does not require the production of an authorization signed by the appointer or the appointer's legal representative) and may exercise the same statutory rights as other shareholders, including the rights to speak and vote, as if that person were an individual shareholder of the Company.

Article 32 The register of attendees of the meetings shall be kept by the Company. The register of meetings shall contain the names (or names of units) of the attendees, ID numbers, residential addresses, the number of shares held or represented with voting rights, the names of the appointers (or names of units), and other matters.

Article 33 The convener and the lawyers retained by the Company shall jointly verify the legitimacy of the shareholder qualifications according to the register of shareholders provided by the securities depository and clearing institution, and the name or names of the registered shareholders and the number of voting shares held by them. Registration for the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies present at the meeting and the total number of shares with voting rights held.

Article 34 When the general meeting is convened, all the requires directors, supervisors and the secretary to the board of directors of the Company and the senior management shall attend the meeting, directors and senior management shall attend such meeting and receive inquiries from shareholders and the general manager and other senior management personnel who do not serve as directors of the company shall attend the meeting as non-voting attendees. Subject to compliance with the regulatory rules of the securities of the place where the Company's shares are listed, the abovementioned persons may ~~present at or~~ attend the meeting by means of internet, video, telephone or other effective means, unless they are unable to attend the meeting due to special reasons.

Article 35 General meetings are chaired by the chairman of the board of directors. In the event that the chairman is unable or fails to perform his/her duties, the vice chairman shall preside over the meeting; in the event that the vice chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

The convener of the audit committee chairman of the board of supervisors shall preside over the general meetings convened by the audit committee board of supervisors. In the event that the convener of the audit committee chairman of the board of supervisors is unable or fails to perform his/her duties, a member of the audit committee elected by more than half of the members of the audit committee shall preside over the meeting the vice chairman of the board of supervisors shall preside over the meeting, and in the event that the vice chairman of the board of supervisors is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

Any general meeting convened by shareholders shall be presided over by a representative elected by the conveners.

If, during the general meeting, the chairman of the meeting violates the Rules and makes it impossible to continue the general meeting, with the consent of more than half of the shareholders with voting rights present at the general meeting, the general meeting may elect a person to act as the chairman of the meeting and continue the meeting.

If, for any reason, the shareholders are unable to elect the chairman of the meeting, the shareholder (including proxies) present at the meeting holding the largest number of voting shares shall act as the chairman of the meeting.

Article 36 The chairman of the meeting may, when necessary, request the proposer to provide an explanation of the proposal:

- (1) if the proposal is made by the board of directors, the explanation shall be provided by the chairman of the board or any other person designated by the chairman of the board;
- (2) if the proposal is made by the audit committee ~~board of supervisors~~ or by one or more shareholders holding in aggregate not less than one percent of the total number of voting shares of the Company, the explanation shall be provided by the proposer, its legal representative or its duly authorized representative of a shareholder.

Article 37 The proposals included in the agenda shall be considered before a vote is taken. The general meeting shall allow reasonable time for discussion of each proposal. The chairman of the meeting shall orally ascertain from the shareholders present whether the consideration of the proposal is concluded. If no shareholder raises any objection, the consideration shall be deemed to be concluded.

Article 38 At the annual general meeting, the board of directors ~~and the board of supervisors~~ shall report to the general meeting on their work over the past year. Each independent non-executive director should also make a performance report.

Article 39 Directors, ~~supervisors~~ and senior management shall give explanations and interpretations at the general meeting for the inquiries and suggestions raised by shareholders, except that the trade secrets involving the Company cannot be disclosed at the general meeting.

Article 40 Shareholders who wish to speak at a general meeting shall obtain the permission of the chairman of the meeting, and shall speak in the order in which their requests to speak are made (if requests are made at the same time, priority shall be given to the shareholder or the shareholder's proxy holding the larger number of shares or the larger number of shares represented). A shareholder shall not interrupt the report of a meeting presenter or the speech of another shareholder when requesting to speak.

A shareholder shall, before speaking, first report his or her name or the shareholder he or she represents and the number of shares held. The duration and frequency of a shareholder's speech shall be determined by the chairman of the meeting based on the actual circumstances.

Article 41 Minutes of the general meetings shall be kept by the secretary to the board of directors. Minutes of the meeting should contain the following:

- (1) time, venue, agenda and name of the convener of the meeting;
- (2) the names of the chairman of the meeting and the directors, ~~the supervisors, the general manager, and other~~ and senior management present at or attend the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held and their percentage to the total number of shares of the Company;
- (4) the consideration process, key points of speeches and voting results of each proposal;
- (5) inquiries or suggestions of the shareholders, and the corresponding responses or explanations;
- (6) the names of attorneys, counting officers and scrutineers;
- (7) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

Article 42 The directors, ~~the supervisors~~ secretary to the board of directors, the convener or their representative, and the chairman of the meeting present at the meeting shall sign the minutes of the meeting. The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The minutes of the meeting shall be kept together with the signature register of the shareholders present in person and the proxy forms for their attendance by proxy, as well as the valid materials on the voting results via internet or other means, for a period of not less than 10 years.

Article 43 The convener shall ensure that the general meeting shall be held continuously until a final resolution is reached. If the general meeting is suspended or a resolution cannot be passed due to special reasons such as force majeure, necessary measures shall be taken to resume the convening of the general meeting as soon as possible or the current general meeting shall be directly terminated, and an announcement shall be made in a timely manner.

CHAPTER 6 VOTING AND RESOLUTIONS OF GENERAL MEETINGS

Article 44 Resolutions of general meetings include ordinary resolutions and special resolutions. Ordinary resolutions at a general meeting shall be adopted by more than one half of the voting rights held by shareholders (including their proxies) attending the general meeting. Special resolutions at a general meeting shall be adopted by two-thirds or more of the voting rights held by shareholders (including their proxies) attending the general meeting.

Shareholders (including proxies) present at the meeting shall cast their votes explicitly for, against or abstain from each matter to be decided by a vote.

Article 45 Except for matters that are required by laws, administrative regulations or the Articles of Association to be adopted by a special resolution, all other matters shall be adopted by an ordinary resolution of the general meeting.

Article 46 The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction of registered capital of the Company;
- (2) division, spin-off, merger, dissolution or liquidation of the Company;
- (3) amendments to the Articles of Association of the Company;
- (4) the amount of purchase and sale of material assets or the provision of guarantees to others by the Company within one year individually or cumulatively exceeds 30% of the total assets of the Company as audited in the latest period;
- (5) equity incentive plan;
- ~~(6) repurchasing the Company's shares;~~
- ~~(67)~~ matters requiring approval by special resolutions in accordance with laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed or the Articles of Association, and are determined by the general meeting to have a significant impact on the Company by ordinary resolutions.

Where the securities regulatory rules of the place where the Company's shares are listed otherwise provide, such provisions shall prevail.

Article 47 Shareholders (including their proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shareholders (including proxies) with two or more votes are not required to cast all votes in favor, against or abstain from voting on a poll. Shares of the Company held by the Company have no voting rights, and such shares are not included in the total number of shares with voting rights at the general meeting. If a shareholder purchases the shares of the Company with voting rights in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the shareholder shall not exercise voting rights within 36 months after purchase of such shares in excess of the prescribed proportion, and such shares are not included in the total number of shares with voting rights in the general meeting.

Where any shareholder shall under the laws and regulations and the Listing Rules, abstain from voting on any particular resolution or is restricted to vote only for or against such resolution, any vote cast by such shareholder or proxy thereof in violation of such requirement or restriction shall not be counted in the voting results.

Article 48 The chairman of the meeting shall, before voting, announce whether the number of shareholders and proxies attending the meeting and the total number of shares with voting rights held by them meet the statutory requirements. The number of shareholders and proxies present at the meeting and the total number of shares with voting rights held by them are subject to the registration for the meeting.

Article 49 When considering matters relating to connected transactions (as defined in the Listing Rules) at a general meeting, shareholders who constitute connected persons (as defined in the Listing Rules) (hereinafter referred to as “**Connected Shareholders**”) shall not participate in voting, and the number of shares with voting rights held by such shareholders shall not be counted in the total number of valid votes. The announcement of the resolutions of the general meeting shall fully disclose the voting status of non-Connected Shareholders.

Before a connected transaction is considered at a general meeting, the Company shall determine the scope of Connected Shareholders in accordance with relevant laws, regulations, regulatory documents and the Listing Rules. Connected Shareholders or their authorized representatives may attend the general meeting and express their views to the shareholders attending the meeting in accordance with the procedures at the general meeting, but they shall voluntarily abstain from voting when voting on the relevant connected transactions.

If Connected Shareholders do not voluntarily abstain from voting, other shareholders attending the meeting have the right to request them to abstain from voting. After Connected Shareholders have withdrawn, other shareholders may vote according to their voting rights, and relevant resolutions will be passed in accordance with the provisions of the Articles of Association. Before voting on relevant connected transactions, the chairman of the meeting shall announce the number of non-Connected Shareholders present at the meeting and the total number of shares with voting rights held by them.

Resolutions on connected transactions made at the general meeting must be passed by more than half of the voting rights held by non-Connected Shareholders present at the general meeting. However, if the connected transactions need to be passed by special resolution as stipulated in the Articles of Association, the resolution at the general meeting must be passed by more than two-thirds of the voting rights held by non-Connected Shareholders present at the general meeting.

If Connected Shareholders participate in the voting on the relevant connected transaction in violation of the provisions of this article, their votes cast on the relevant connected transaction will be invalid.

Article 50 The list of candidates for the positions of directors ~~and non-employee representative supervisors~~ shall be put forward in the form of proposals to the general meeting for voting one by one.

When voting at the general meeting for election of directors ~~and non-employee representative supervisors~~, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting.

The “cumulative voting system” as mentioned above means that when a director ~~or non-employee representative supervisors~~ is elected at a general meeting, each share shall have the same voting rights as the number of directors ~~or supervisors~~ to be elected, and the voting rights held by shareholders can be used in a centralized manner. The board of directors shall announce the resumes and basic information of the candidates for directors ~~and supervisors~~ to the shareholders.

Article 51 In addition to cumulative voting, a general meeting shall vote one by one on all proposals. Proposals shall be voted on in a chronological order by which they were proposed should there be different proposals for the same matter. Unless a general meeting is suspended or no resolution can be reached due to force majeure or other special reasons, no proposal shall be set aside or receive no voting at the general meeting.

Article 52 When considering a proposal at the general meeting, no change shall be made thereto. Otherwise, the relevant change shall be treated as a new proposal which shall not be voted at the said general meeting.

Article 53 The same voting right can only be exercised by electing to vote on-site or other voting methods. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.

Article 54 Voting on resolution at a general meeting may be conducted by registered poll.

Article 55 Shareholders attending the general meeting shall submit their voting in one of the following ways: “for”, “against” or “abstain”.

Ballot papers that are left in blank, unduly completed or illegible or that have not been cast, are deemed as void votes which means the voter has waived his/her rights, and the voting results corresponding to the shares in their possession shall be treated as “Abstain from voting”.

Article 56 Before a resolution is voted on at a general meeting, two representatives of the shareholders shall be elected to act as vote counters and scrutineers. Any shareholder who has a material interest in the subject matter under consideration and proxies of such shareholder shall not participate in the vote counting and scrutinizing.

For resolutions voted on at the general meeting, lawyers and shareholder representatives ~~and supervisor representatives~~ shall count and scrutinize the votes jointly, and the voting results shall be announced forthwith. Voting results of the meeting shall be recorded in the minutes of meeting.

Shareholders or their proxies that vote on line or in other ways shall have the right to check and inspect their voting results through the relevant voting system.

Article 57 Before the voting results is officially announced, the listed company, counting officers, scrutineers, the substantial shareholders and other relevant parties present at the general meeting shall maintain confidentiality in relation to the voting results.

Article 58 Should the chairman of the meeting have any doubt on the voting result, he/she may have the ballots counted. If the chairman of the meeting has not counted the ballots, any participating shareholder or proxy who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the voting result, demand that the ballots be counted, and the chairman of the meeting shall organize the count immediately. The results of the vote count shall be recorded in the meeting minutes.

Article 59 Where a motion in relation to election of directors ~~and supervisors~~ is passed at a general meeting, unless otherwise expressly specified in the resolution of the general meeting, the time of taking office for the new directors ~~and supervisors~~ shall be the date on which the resolution was passed.

Article 60 Where a general meeting approves proposals regarding cash distribution, bonus issue or transfer of surplus reserve into share capital, the specific proposals shall be implemented within two months after the close of the general meeting.

Article 61 Shareholders shall have the right to request the people's court to invalidate any resolutions of the general meetings in violation of laws and administrative regulations.

If the convening procedures and voting methods of the general meetings are in violation of laws, administrative regulations or the Articles of Association, or the content of the resolutions violates the Articles of Association, the shareholders shall have the right to file a petition with the people's court to rescind the resolutions within 60 days from the date of the resolutions.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 62 The Rules shall take effect on the date on which the Company's overseas listed foreign shares (H Shares) are listed on The Stock Exchange of Hong Kong Limited.

Article 63 If the Rules are amended, the amendment shall be proposed by the board of directors and shall take effect after being submitted to the general meeting for approval.

Article 64 “Laws” as used in the Rules refer to laws, administrative regulations, departmental rules, local regulations, local government rules and legally binding normative documents issued by government authorities that are currently in force and as promulgated and applicable from time to time within the territory of the People’s Republic of China (excluding Taiwan Province, Hong Kong Special Administrative Region and Macau Special Administrative Region for the purpose of the Rules); provided, however, when used in conjunction with “administrative regulations”, the term “laws” specifically refers to the legal norms adopted by the National People’s Congress and its Standing Committee.

Article 65 The expressions of “above”, “within” and “in” used in the Rules shall include the original number; while the expressions of “exceed”, “lower than” and “more than” shall exclude the original number.

Article 66 For matters not covered by the Rules, and in the event of any conflict between the Rules and any law, the Articles of Association (as formulated or amended through legally prescribed procedures), or any law or regulation of a stock exchange in the place where the Company’s shares are listed, such laws, the Articles of Association and the laws or regulations of a stock exchange in the place where the Company’s shares are listed shall prevail.

Article 67 The authority to interpret the Rules shall vest in the board of directors of the Company.

**MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

OF

Shanghai Bao Pharmaceuticals Co., Ltd.

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**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regulate financing and external guarantee of Shanghai Bao Pharmaceuticals Co., Ltd. (the “**Company**”), effectively control the financing risks and the guarantee risks of the Company, and protect the financial security of the Company and the legal interests of investors, these management regulations are formulated in accordance with 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 Civil Code of the People’s Republic of China (the “**Civil Code**”), and the Articles of Association of Shanghai Bao Pharmaceuticals Co., Ltd. (the “**Articles of Association**”), and in light of the Company’s actual circumstances.

Article 2 Financing specified herein shall refer to the direct financing activities conducted by the Company against the financial institutions mainly including banks, mainly comprising comprehensive credit facilities, working capital loans, fixed assets loans, letter of credit financing, bill financing and issuance of a letter of guarantee, etc.

The direct financing activities of the Company shall not apply to this regulation.

Article 3 External guarantee specified herein shall refer to the guarantee, mortgage, pledge or other forms of guarantee provided by the Company to others in the capacity of a third party. When a third party fails to fulfill a debt obligation, the act by which the Company fulfills the obligation or assumes liability in accordance with the agreement.

Article 4 The guarantee provided by the Company for its own debts shall not apply to the Regulations.

Article 5 The Company’s financing and external guarantees are subject to centralized management. Unless approved or authorized by the Company’s board of directors or the shareholders’ meeting, no person shall have the authority to sign financing agreements, external guarantee contracts, agreements, or other similar legal documents on behalf of the Company.

Article 6 These regulations apply to the Company and its wholly-owned subsidiaries (the “**Subsidiaries**”).

CHAPTER 2 CORPORATE FINANCING MANAGEMENT SYSTEM

Section 1 Company Financing Approval Authority and Procedures

Article 7 As the management department for the financing, the financial department of the Company shall accept the financing applications from each department and Subsidiaries unified, and upon carrying out initial audit on such matter, report it to the competent authority of the Company for approval according to the limits of authority specified herein.

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

Article 8 If the amount of working capital financing for a single transaction or the cumulative amount of financing within a single fiscal year does not exceed RMB50 million, it shall be submitted to the general manager of the Company for approval.

Article 9 Where the amount of a single working capital financing transaction or the cumulative financing amount within a single fiscal year exceeds RMB50 million, or where financing is conducted after reaching the aforementioned threshold but does not exceed 50% (inclusive) of the Company's most recent audited net asset value or RMB150 million (inclusive, or the equivalent in foreign currency), such financing shall be submitted to the Company's board of directors for approval after being reviewed and approved by the Company's general manager.

Article 10 Where the single financing amount or accumulated financing amount in an accounting year shall exceed 50% of the latest audited net assets of the Company and exceed RMB150 million, or the Company shall carry out financing upon achieving the said standard, such financing shall be submitted to the general meeting for approval upon the consideration of the board of directors of the Company.

Article 11 If the board of directors or the shareholders' meeting deems it necessary, it may engage external professional firms, such as financial or legal firms, to provide professional advice on such financing matters, which shall serve as the basis for the decisions of the board of directors and the shareholders' meeting.

When approving the financing application, the competent authority of the Company shall simultaneously take into full consideration of the gearing position of the party that applies for the financing and shall prudently approve the new financing application submitted by the party that applies for the financing with high gearing ratio.

Section 2 Execution of Corporate Financing Contracts and Risk Management

Article 12 Upon approval by the Company's competent department, financing matters involving the Company's departments and branches shall be executed by the Company's chairman or his/her authorized representative on behalf of the Company.

Upon approval by the Company's competent department, financing matters involving the Company's controlled subsidiaries shall be executed by the chairman of the controlled subsidiary or his/her authorized representative on behalf of that subsidiary.

Article 13 Financing contracts entered into by the Company shall be submitted to the Company's records management and financial departments for filing within 7 days of the date of execution.

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

Article 14 Any financing matter that has been approved in accordance with the authority specified in these regulations shall be deemed a new financing matter if the relevant financing contract is not signed within 30 days of approval and the financing is processed after that deadline; in such cases, the approval procedures shall be completed a new in accordance with these regulations.

Article 15 When utilizing funds obtained through financing, such funds must be used in accordance with the intended purposes specified in the financing agreement. If a change in purpose is absolutely necessary, the department responsible for using the funds must submit a request and follow the approval procedures in accordance with the relevant authority levels specified in this policy.

Article 16 If the Company's financial department anticipates that a loan will not be repaid upon maturity, it shall promptly investigate the reasons for the overdue repayment and work with relevant departments to develop a contingency plan.

If an extension is required upon the expiration of the financing term, the Company's financial department shall promptly report to the board of directors, explaining the reasons and the new repayment deadline.

CHAPTER 3 COMPANY EXTERNAL GUARANTEE MANAGEMENT SYSTEM

Section 1 General Principles

Article 17 The Company's external guarantees shall comply with the following general principles:

- (1) they shall comply with the provisions of the Company Law, the Securities Law, the Civil Code, the Articles of Association, and other relevant laws, administrative regulations, and departmental rules;
- (2) where possible, the Company shall require the guaranteed party to provide a counter-guarantee; the provider of the counter-guarantee shall have the actual capacity to fulfill the obligation, and the counter-guarantee shall be enforceable;
- (3) all directors and management of the Company shall exercise prudence in handling external guarantees, strictly control the debt risks arising from such guarantees, and refuse any act that compels the Company to provide guarantees for others;
- (4) the Company's management must truthfully disclose all matters related to external guarantees to the audit firm engaged by the Company;
- (5) the Company must strictly comply with the relevant provisions of the Company Law and the Articles of Association regarding the approval procedures for external guarantees;

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

Article 18 The secretary of the board of directors shall keep detailed records of the discussions and voting results regarding guarantee matters deliberated at meetings of the board of directors and the shareholders' meeting. In the event that unauthorized or improper external guarantees result in financial losses to the company, the relevant responsible parties shall be liable for compensation.

Section 2 Conditions for Provision of External Guarantee by the Company

Article 19 When providing external guarantee, the Company shall carry out the audit on the credit status of the guaranteed party, which shall satisfy the following requirements:

- (1) it is an enterprise that established lawfully and existed validly, and there is no circumstance that renders it necessary or desirable to terminate such enterprise;
- (2) it is solvent;
- (3) it has good profitability and development prospects;
- (4) if the Company has ever provided guarantee for it, there is no circumstance that it is required by the creditor to bear the guarantee liability;
- (5) the financial information provided is true, complete and valid;
- (6) there is no other significant risk.
- (7) other conditions approved by the board of directors.

Article 20 Where the Company provides guarantees for shareholders, controlling shareholders, or their related parties, such guarantees must be based on sound business rationale, disclosed promptly following approval by the board of directors, and submitted to the shareholders' meeting for consideration.

Section 3 Authority and Procedures for Approval

Article 21 Where the Company provides a guarantee, the matter shall be submitted to the board of directors or the shareholders' meeting for review and promptly disclosed. The following guarantee matters shall be submitted to the shareholders' meeting for review after being approved by the board of directors:

- (1) the guarantee that single guarantee amount exceeds 10% of the latest audited net assets of the Company;

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

- (2) any guarantee provided after the total amount of external guarantee of the Company and its holding subsidiaries exceeding 50% of the latest audited net assets of the Company;
- (3) the guarantee that provided to the guaranteed entity whose gearing ratio exceeds 70%;
- (4) guarantees that, when calculated on a cumulative basis over 12 consecutive months, exceed 30% of the Company's the latest audited total assets;
- (5) guarantees provided by the Company to its shareholders, actual controllers, and their affiliates;
- (6) other guarantees that laws, administrative regulations, departmental rules, or the Articles of Association stipulate must be decided by the shareholders' meeting.

Any external guarantees that do not meet the criteria for consideration by the shareholders' meeting shall be reviewed and approved by the Company's board of directors. For guarantees falling within the board's authority, in addition to requiring approval by a majority of all directors, they must also be approved by at least two-thirds of the directors present at the board meeting.

The guarantee referred to in the fourth item of the preceding paragraph shall be approved by a vote of not less than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting; when the Company's board of directors or shareholders' meeting makes a resolution regarding a guarantee, any director or shareholder with a conflict of interest in relation to such guarantee shall abstain from voting.

Article 22 The financial department is responsible for managing external guarantees. Matters related to external guarantees are reviewed by the financial department under the direction of the general manager in accordance with relevant laws, administrative regulations, normative documents, and this management system. Upon approval, the general manager submits the matter to the board of directors for deliberation in the form of a resolution.

Article 23 The guaranteed party shall submit to the financial controller and its subordinate financial department an application for guarantee with accompanying documents at least 15 working days in advance. The guarantee application shall include at least the following:

- (1) general information about the guaranteed party;
- (2) a description of the principal debt to be guaranteed;

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

- (3) the type and duration of the guarantee;
- (4) the main terms of a guarantee agreement;
- (5) the guaranteed party's description of the payment plan for the guaranteed debt and the sources of such payment;
- (6) a counter-guarantee scheme (if applicable).

When submitting a guarantee application, the guarantor must also attach the following documents related to the guarantee: a copy of the guarantor's business license, the guarantor's most recent audited financial statements for the previous fiscal year and the most recent reporting period, the principal debt contract, and any other documents deemed necessary by the chief financial officer and the financial department.

Article 24 In the event that the external guarantee quota approved by the shareholders at general meetings or the board of directors needs to be implemented in stages, the chairman of the Company may be authorised to sign the guarantee documents within the approved guarantee quota.

Article 25 When a subsidiary of the Company provides a guarantee to an external party, it shall report the guarantee proposal to the board of directors of the Company for consideration and approval, and then the board of directors of the subsidiary (or executive director) shall make a decision and implement.

Section 4 Review and Entering Into of Guarantee Contracts

Article 26 A guarantee must be established through a written guarantee agreement, which must comply with relevant legal provisions, and the terms of the agreement must be clearly defined.

Article 27 When a guarantee contract is concluded, the financial department must carefully review the relevant contents of the guarantee contract. In the case of mandatory terms or the terms that are clearly unfavorable to the interests of the Company and the terms with possibility of unexpected risk, the other party shall be required to revise the terms or be refused to provide guarantee.

Article 28 The chairman of the Company or other legally authorized persons shall sign the guarantee contracts on behalf of the Company pursuant to the resolutions of the board or a general meeting of the Company. Without a resolution passed by the Company's shareholders' meeting or board of directors, directors, the general manager, and the Company's branches may not enter into guarantee agreements on behalf of the Company without authorization. The financial department may not exceed its authority to enter into guarantee agreements, nor may it sign or affix its seal as a guarantor in the principal debt agreement.

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

Article 29 When entering into a mutual guarantee agreement, the financial department should promptly request the other party to provide accurate financial reports and other information that reflects its ability to repay debts.

Article 30 Where the law stipulates that the guarantee must be registered, the financial department must register the guarantee with the relevant registration authority.

Article 31 For external guarantee matters that have been approved in accordance with the authority specified in these regulations, if the relevant guarantee contract is not signed within 30 days of approval, and the guarantee procedures are processed after that deadline, such matters shall be deemed new guarantee matters and must undergo the approval process again in accordance with these regulations.

Article 32 If the guaranteed debt needs to be extended after maturity and the Company is required to continuously provide the guarantee, it shall be regarded as a new external guarantee, and the guarantee application, review and approval procedures must be performed in accordance with the procedures stipulated in these rules.

In case of any change in the principal debt contract for which the Company has provided an external guarantee, the board of directors of the Company shall decide whether to continue assuming the guarantee liability.

Section 5 Daily Risk Management for Guarantees

Article 33 After the guarantee agreement is executed, the financial department shall promptly notify the Audit Committee of the Board ~~Board of Supervisors~~ and the secretary of the board of the Company, properly safeguard the contract in accordance with the Company's internal management regulations, and submit it to the Company's archives department and the financial department for filing within seven days of the contract's execution.

Article 34 The financial department shall closely monitor the guaranteed party's production and operations, changes in its assets and liabilities, external guarantees or other liabilities, corporate splits, mergers, changes in legal representatives, and changes in commercial reputation; it shall actively mitigate risks and, if any abnormalities are detected, promptly report them to the Company's general manager.

Article 35 The financial department shall actively urge the guaranteed party to fulfill its repayment obligations upon maturity.

- (1) the financial department shall ascertain the financial arrangements for debt repayment at least fifteen days prior to the maturity date of the guaranteed debt. If it is determined that repayment may not be possible by the due date, the department shall promptly report the matter and take effective measures to minimize the risk of the guaranteed party's failure to fulfill its repayment obligations upon maturity;

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

- (2) if the guaranteed party fails to fulfill its repayment obligations upon the maturity of the debt, the financial department shall promptly investigate the status of the guaranteed party's debt repayment and provide a special report to the Company's chairman, general manager, and board secretary. The report shall include the reasons for the guaranteed party's inability to repay and the proposed measures to be taken, and the Company shall promptly disclose the relevant information upon becoming aware of the situation;
- (3) if there is evidence indicating that the counterparty to the mutual guarantee agreement is suffering severe operating losses, or that a major event such as the dissolution or spin-off of the Company has occurred, the financial department shall promptly report the matter to the Company's board of directors and propose appropriate measures;
- (4) after the competent people's court accepts the debtor's bankruptcy case, and the creditor has not declared the right, the responsible person shall propose that the Company participate in the distribution of bankrupt assets and preemptively exercise the right of recourse;
- (5) in the event of unforeseen circumstances, such as litigation arising from guarantees provided by the Company, the relevant departments (or personnel) and subsidiaries of the Company shall report the situation to the Company's management within the first business day after becoming aware of it.

Article 36 When the Company is a general guarantor, before the main contract dispute has been tried or arbitrated, and the debtor's assets have been legally enforced yet the debt cannot be fulfilled, the Company may not preemptively assume the guarantee responsibility for the debtor without the decision of the board of directors.

Article 37 When the Company fulfils its guarantee obligation for the debtor, the financial department shall adopt effective measures to demand compensation from the debtor and disclose the recovery status on a timely basis.

CHAPTER 4 RESPONSIBILITY OF RELEVANT PERSONNEL

Article 38 All directors of the Company shall examine the financing and external guarantee of the Company in strict compliance with rules under these regulations and relevant laws, regulations and regulatory documents, and shall bear joint and several liabilities for losses arising from illegal or inappropriate financing and external guarantee according to law.

**APPENDIX IX DETAILS OF THE PROPOSED AMENDMENTS TO
THE MANAGEMENT REGULATIONS FOR
FINANCING AND EXTERNAL GUARANTEE**

Article 39 In accordance with these regulations, the management members and other relevant senior management of the Company with the approval authority shall be liable for the actual loss arising from their failure to approve or sign a financing contract, external guarantee contract beyond their authority and without authorization or failure to perform their duties in accordance with the limits of authority and procedures stipulated in the measures.

If the said personnel violates these regulations, but doesn't result in any actual loss to the Company, the Company shall enforce penalty against the relevant responsible personnel according to the rules of the Company.

CHAPTER 5 OTHERS

Article 40 Any matters not covered by these management regulations shall be implemented in accordance with the Company Law, other relevant laws and administrative regulations, as well as the Articles of Association. Where there is a conflict between these management regulations and future laws, regulations, or the Articles of Association as amended in accordance with legal procedures, these management regulations shall be implemented in accordance with relevant laws, regulations and the Articles of Association, and shall be revised immediately. Such revisions shall be submitted to the shareholders' meeting for consideration after being reviewed and approved by the board of directors.

Article 41 These regulations shall be interpreted by the board of directors.

Article 42 These regulations shall take effect on the date they are approved by the shareholders' meeting.

~~Shanghai Bao Pharmaceuticals Co., Ltd.~~

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**THE POLICY FOR PREVENTING THE
CONTROLLING SHAREHOLDERS AND
THEIR RELATED PARTIES FROM
MISAPPROPRIATING FUNDS**

OF

Shanghai Bao Pharmaceuticals Co., Ltd.

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**APPENDIX X DETAILS OF THE PROPOSED AMENDMENTS TO THE POLICY
FOR PREVENTING THE CONTROLLING SHAREHOLDERS AND
THEIR RELATED PARTIES FROM MISAPPROPRIATING FUNDS**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In accordance with the requirements of relevant laws, regulations and normative documents, including the Company Law and the Securities Law, as well as the relevant provisions of the Articles of Association, and in order to prevent controlling shareholders, actual controllers, and their related parties from misappropriating the Company’s funds, further safeguard the legitimate rights and interests of all shareholders and creditors of the Company, and establish a long-term mechanism for Shanghai Bao Pharmaceuticals Co., Ltd. (the “**Company**”) to prevent controlling shareholders, actual controllers, and their related parties from misappropriating the Company’s funds, and to prevent the occurrence of fund misappropriation by controlling shareholders, actual controllers, or their related parties, the policy is hereby established.

Article 2 The Directors, ~~Supervisors~~ and senior management of the Company shall have the legal obligation to safeguard the safety of the Company’s funds.

Article 3 For the purposes of this policy, “funds misappropriation” includes, but is not limited to, operational funds misappropriation and non-operational funds misappropriation. Operational fund misappropriation refers to the occupation of funds arising from related-party transactions involving controlling shareholders and related parties in production and business operations, such as procurement and sales; Non-operating capital occupation refers to the creditor’s rights formed by the advance payment of wages, welfare, insurance, advertising and other expenses by controlling shareholders and related parties, the payment of funds on behalf of controlling shareholders and related parties, the direct or indirect lending of funds to controlling shareholders and related parties with or without compensation, and the other funds used by controlling shareholders and related parties without the provision of goods and services.

Article 4 This policy applies to subsidiaries included in the Company’s consolidated financial statements. Financial transactions between the Company’s controlling shareholders and related parties and subsidiaries included in the consolidated financial statements shall be conducted in accordance with this policy.

**CHAPTER 2 PRINCIPLES ON PREVENTING THE
CONTROLLING SHAREHOLDERS AND THEIR
RELATED PARTIES FROM MISAPPROPRIATING FUNDS**

Article 5 The Company shall strictly limit appropriation of the Company’s funds in its operating capital flows with controlling shareholders and related parties. The Company shall not directly or indirectly provide funds, assets and resources to controlling shareholders and related parties by advancing salaries, benefits, insurance, advertising and other period expenses and prepaying investment funds, nor shall it bear costs and other expenses on behalf of each other.

**APPENDIX X DETAILS OF THE PROPOSED AMENDMENTS TO THE POLICY
FOR PREVENTING THE CONTROLLING SHAREHOLDERS AND
THEIR RELATED PARTIES FROM MISAPPROPRIATING FUNDS**

Article 6 The Company shall not provide fund, whether directly or indirectly, to the controlling shareholders and related parties for their use by any of the following means:

- (1) lending the Company's funds to controlling shareholders and related parties, whether for consideration or free of charge;
- (2) providing entrusted loans to related parties through banks or non-bank financial institutions;
- (3) entrusting controlling shareholders and related parties to conduct investment activities;
- (4) issuing commercial acceptance bills for controlling shareholders and related parties without a genuine underlying transaction;
- (5) repaying debts on behalf of controlling shareholders and related parties;
- (6) any other methods prohibited by laws, regulations, or the Articles of Association.

Article 7 Related transactions between the Company and controlling shareholders and related parties shall strictly comply with the Articles of Association and the Company's relevant policies.

When related transactions occur between the Company with controlling shareholders and related parties, funds approval and payment process shall be strictly implemented according provisions of connected to related transaction agreements and funds management, and no abnormal operating fund appropriation shall be developed.

CHAPTER 3 RESPONSIBILITIES AND MEASURES

Article 8 The Company shall strictly prevent controlling shareholders and related parties from misappropriating funds for non-operational purposes and establish a long-term mechanism to prevent such misappropriation.

Article 9 Directors, ~~supervisors~~, senior management personnel of the Company and the chairmen and general managers of subsidiaries of the Company shall have legal obligations and responsibilities for maintaining the safety of the Company's funds and properties, and shall perform their duties diligently in accordance with relevant regulations, as well as the provisions of the Articles of Association, the Rules of Procedures for the Board of Directors, ~~the Rules of Procedures for the Supervisory Committee~~, and the Work Rules for General Managers.

**APPENDIX X DETAILS OF THE PROPOSED AMENDMENTS TO THE POLICY
FOR PREVENTING THE CONTROLLING SHAREHOLDERS AND
THEIR RELATED PARTIES FROM MISAPPROPRIATING FUNDS**

Article 10 The board of directors of the Company reviews and approves related transactions between the Company and controlling shareholders and related parties in accordance with its authority and responsibilities. Related transactions that exceed the Board's approval authority are submitted to the shareholders' meeting for consideration.

Article 11 The Company's finance department should conduct regular audits of the Company and its subsidiaries, report on the results of reviews of non-operational fund transfers with controlling shareholders and related parties, and prevent any instances of controlling shareholders or related parties misappropriating funds for non-operational purposes.

Article 12 In case controlling shareholders and related parties of the Company encroaching on assets of the Company and harming the interests of the Company and the public shareholders, the board of directors of the Company shall take effective measures to require the controlling shareholders to cease the infringement and compensate for the losses. If the controlling shareholders and related parties refuse to rectify the situation, the Company's board of directors should initiate legal proceedings against them to protect the legitimate rights and interests of the company and its public shareholders. At the same time, the Company's board of directors should implement a "freeze upon misappropriation" policy regarding shares held by controlling shareholders; that is, if it is discovered that a controlling shareholder has misappropriated assets, the board should apply for a property preservation order to freeze the shareholder's shares at the same time as filing a lawsuit. Where repayment cannot be made in cash, the misappropriated assets shall be repaid through the liquidation of equity interests. When the board of directors deliberates on such matters, directors who are related parties must recuse themselves from voting.

Article 13 If controlling shareholders and related parties of the Company misappropriate the Company's funds, the Company may, upon approval by the board of directors, immediately apply for a judicial freeze on the shares held by the controlling shareholder. The specific method of repayment shall be determined based on the actual circumstances. When the board of directors deliberates on such matters, directors with a conflict of interest must recuse themselves from voting. If the board of directors fails to fulfill the aforementioned duties, ~~the Board of Supervisors, or~~ any shareholder holding, individually or collectively, 10% or more of the Company's total voting shares, shall have the right to request the convening of an extraordinary general meeting in accordance with the Articles of Association to resolve on the relevant matters. When such matters are deliberated at the extraordinary general meeting, the Company's controlling shareholders shall abstain from voting in accordance with the law, and the total number of voting shares held by them shall not be included in the total number of valid voting shares at that meeting.

Article 14 In the event of abnormal appropriation of funds, the Company shall strictly control the implementation of "offsetting debts with shares" or "offsetting debts with capital", and increase supervision to prevent acts that are detrimental to the rights and interests of the Company and its small and medium-sized shareholders, such as the use of substandard shares for repayment.

**APPENDIX X DETAILS OF THE PROPOSED AMENDMENTS TO THE POLICY
FOR PREVENTING THE CONTROLLING SHAREHOLDERS AND
THEIR RELATED PARTIES FROM MISAPPROPRIATING FUNDS**

CHAPTER 4 ACCOUNTABILITY AND PUNISHMENT

Article 15 When the directors and senior management of the Company assist and condone the appropriation of the assets of the Company by controlling shareholders and related parties, the board of directors of the Company shall, based on the severity of the case, impose punishment on the direct responsible person and propose the removal of directors assuming enormous responsibility at the general meeting.

Article 16 All directors of the Company shall prudently treat and strictly control debt risks arising from guarantees provided to controlling shareholders and related parties, and shall be jointly and severally liable for losses arising from illegal or improper external guarantees.

Article 17 If appropriation of non-operating funds between the Company or its wholly-owned subsidiaries and the controlling shareholders and related parties adversely affects the Company, the Company will impose administrative punishment and economic penalties on the relevant responsible persons.

Article 18 In the occurrence of non-operating funds appropriation and non-compliant guarantees by controlling shareholders and related parties due to violation of this policy by the Company or its wholly-owned subsidiaries which causes losses to the investors, the Company shall investigate the legal responsibility of the responsible person apart from imposing administrative sanctions and economic penalties on the same.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 19 Matters not covered in the policy shall be implemented in accordance with relevant provisions of laws, regulations and the Articles of Association. If the policy conflict with any laws or regulations subsequently enacted by the state, or with the Articles of Association as amended through lawful procedures, the provisions of the relevant laws, regulations, and the Articles of Association shall prevail.

Article 20 This policy shall be formulated, interpreted and revised by the board of directors.

Article 21 This policy shall take effect on the date it is approved by the shareholders' meeting.

Shanghai Bao Pharmaceuticals Co., Ltd.

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NOTICE OF ANNUAL GENERAL MEETING



Shanghai Bao Pharmaceuticals Co., Ltd.

上海寶濟藥業股份有限公司

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

(Stock Code: 2659)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Shanghai Bao Pharmaceuticals Co., Ltd. (the “Company”) will be held at 10:00 a.m. on May 26, 2026 at Meeting Room 201, No. 28 Luoxin Road, Baoshan District, Shanghai, the PRC, for the purpose of considering, and if thought fit, passing the following resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated May 4, 2026.

ORDINARY RESOLUTIONS

1. To consider and approve the 2025 Annual Report of the Company;
2. To consider and approve the 2025 Final Accounts Report and 2026 Financial Budget of the Company;
3. To consider and approve the 2025 Work Report of the Board of Directors of the Company;
4. To consider and approve the 2025 Work Report of the Board of Supervisors of the Company;
5. To consider and approve the 2025 Profit Distribution Proposal of the Company;
6. To consider and approve the Resolution on the 2026 Remuneration of Directors of the Company;
7. To consider and approve the re-appointment of Ernst & Young as the auditors of the Company for the year 2026, for a term commencing from the date of approval the Resolution until the conclusion of the next annual general meeting of the Company, and to authorize the Board to determine the specific matters in relation to such appointment, including but not limited to their total remuneration for the 2026 annual report and interim report not exceeding RMB2,850,000 (pre-tax);

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY RESOLUTIONS

(RESOLUTIONS WITH THE ADOPTION OF CUMULATIVE VOTING)

8. Resolutions regarding the election of the executive Directors of the second session of the Board of Directors (3 Directors are elected)
 - (a) Dr. Liu Yanjun as an executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;
 - (b) Ms. Wang Zheng as an executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;
 - (c) Ms. Li Cui as an executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;

9. Resolutions regarding the election of the non-executive Directors of the second session of the Board of Directors (3 Directors are elected)
 - (a) Ms. Lin, Chia-ling as a non-executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;
 - (b) Mr. Diao Juanhuan as a non-executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;
 - (c) Mr. Li Chen as a non-executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;

10. Resolutions regarding the election of the independent non-executive Directors of the second session of the Board of Directors (4 Directors are elected)
 - (a) Mr. Cai Zhongxi as an independent non-executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;

NOTICE OF ANNUAL GENERAL MEETING

- (b) Dr. Zeng Fanyi as an independent non-executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;
- (c) Dr. Ju Dianwen as an independent non-executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected;
- (d) Mr. Zhang Senquan as an independent non-executive Director of the second session of the Board of Directors, with effect from the date of approval at the Annual General Meeting until the conclusion of the shareholders' general meeting at which the new session of the Board is elected.

An employee representative Director will be elected by the employee representative congress of the Company (which is expected to be held concurrently with the Annual General Meeting).

SPECIAL RESOLUTIONS

- 11. To consider and approve the general mandate to issue Shares, the details of which are set out in the circular;
- 12. To consider and approve the general mandate to repurchase H Shares, the details of which are set out in the circular; and
- 13. To consider and approve the Resolution on abolishment of the Board of Supervisors and amendments to the Articles of Association and related policies.

By order of the Board
Shanghai Bao Pharmaceuticals Co., Ltd.
Dr. Liu Yanjun
*Chairman of the Board and
Executive Director*

Shanghai, the PRC
May 4, 2026

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The register of members of the Company's H Shares will be closed from May 20, 2026 to May 26, 2026 (both days inclusive), during which period no transfer of H Shares will be effected. In order for Shareholders to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on May 19, 2026 for registration.

The Shareholders whose names appear on the register of members of the Company's H Shares on May 26, 2026 are entitled to attend and vote at the AGM.

2. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf.
4. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and returned to the Company's headquarters and principal place of business in the PRC, at No. 28 Luoxin Road, Baoshan District, Shanghai, the PRC (for holders of Domestic Shares) or the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), not less than 24 hours before the time fixed for holding the AGM (i.e. before 10:00 a.m. on May 25, 2026) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude a shareholder from attending and voting at the AGM or any adjourned meeting thereof should he/she so wish.
5. Shareholders shall produce their identification documents when attending the AGM. If corporate Shareholders appoint authorized representative to attend the AGM, the authorised representative shall produce his/her identification documents and a notarized copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate shareholders or other notarized documents allowed by the Company.
6. The AGM is expected to take for less than half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
7. All voting at the AGM will be conducted by poll.
8. References to times and dates of this notice are to Hong Kong times and dates.
9. The name and phone number of the contact person for the AGM is Li Cui and 021-61203562.

This circular (in both English and Chinese versions) is available on the Company's website at www.baopharma.com.

Shareholders may request for printed copy of the circular free of charge or change their choice of means of receipt and language of the Company's corporate communications by sending reasonable notice in writing to the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or by sending an email to Baopharma.com@computershare.com.hk.

Shareholders who have chosen to receive the Company's corporate communications in either English or Chinese version will receive both English and Chinese versions of this circular since both languages are bound together into one booklet.