

# **PROCEDURES FOR SHAREHOLDERS TO NOMINATE THE CANDIDATES OF DIRECTORS**

## **1. The Qualifications of Shareholders to Nominate the Candidates of Directors**

According to the Articles of Association (the “**Articles**”) of Beijing Chunlizhengda Medical Instruments Co., Ltd. (the “**Company**”), the candidates of directors shall be nominated in the form of proposal by the shareholders separately or jointly holding over one percent (1%) of the voting shares of the Company. (Article 54 of the Articles)

## **2. The Qualification of Directors**

- 2.1 The directors of the Company shall be natural persons and may not necessarily hold the shares of the Company. (Article 93 of the Articles)
- 2.2 The directors may concurrently hold the positions of General Manager or other officers, but the proportion of such directors and those who are staff representatives shall not exceed one half (1/2) of the total number of directors of the Company. (Article 94 of the Articles)
- 2.3 Any of the following circumstances prohibits a person from becoming a director of the Company (Article 137 of the Articles):
  - (1) the person is of civil incompetence or limited civil competence;
  - (2) a period of 5 years has not yet elapsed since the penalisation on conviction of corruption, bribery, expropriation of property, misappropriation of property or disrupting social and economic order, or being deprived of political rights due to the committing of offences, or, in the case of suspension of execution, a probationary period has not expired for more than 2 years;
  - (3) a period of 3 years has not yet elapsed since the completion of the liquidation of any company or enterprise which was insolvent and where the person acted as a director, factory manager or manager of such company or enterprise and was personally liable for such insolvency;
  - (4) a period of 3 years has not yet elapsed since revocation of business license or enforced winding-up of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;

- (5) the person is personally liable for a substantial debt which is due for repayment but remains unpaid, and is therefore listed as dishonest person subject to execution by the People's Court;
- (6) the person has been involved in a criminal offence which is subject to investigation by the judicial authorities, and the case remains unsettled;
- (7) the person is not a natural person;
- (8) a period of 5 years has not yet elapsed since the person was adjudged by the relevant regulatory authorities to be guilty of contravening of securities regulations involving fraud or dishonesty;
- (9) the person is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;
- (10) the person has been publicly declared by any stock exchange to be unsuitable for serving as the director and senior management of listed company for a period which has not yet expired;
- (11) such other stipulations by the relevant laws and regulations and the listing rules in the jurisdiction where the shares of the Company are listed.

2.4 An independent non-executive director shall meet the following basic conditions (Article 102 of the Articles):

- (1) qualifies as a director of a listed company pursuant to the relevant laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and other relevant regulations;
- (2) being independent as specified in the listing rules of the stock exchange on which the Company's shares are listed;
- (3) having basic knowledge on operation of listed companies and proficiency in the relevant laws, administrative regulations and rules;
- (4) having at least 5 years' experience in legal, accounting, economics or in other areas required for performing the duties as independent non-executive director;
- (5) having good personal integrity with no adverse records such as major breach of trust; and
- (6) other conditions specified herein.

### 3. Procedures for Shareholders with Nomination Rights to Nominate the Candidates of Directors (Article 95 of the Articles)

#### 3.1 Directors (not including independent directors)

If a shareholder with nomination rights (“**Such Shareholder**”) nominates a candidate for director (“**Director Candidate**”) other than independent directors at a general meeting of the Company according to the laws, such shareholder shall seek the consent of the Director Candidate and shall have sufficient knowledge of the profession, academic qualifications, titles and detailed information on work experience including all part-time employments, whether there is any connected relationship with the Company or its controlling shareholders and de facto controllers, disclosure on the number of the Company’s shares held, as well as whether there is any punishment imposed by the CSRC and other related departments and any penalty or warning from the stock exchange (“**Such Information**”) of the Director Candidate. The Director Candidate shall provide written confirmation to the Company agreeing to be nominated, and shall provide an undertaking in relation to the truthfulness and completeness of his particulars disclosed and shall guarantee the performance of a director’s duties after being elected (“**Relevant Agreement and Undertaking**”). In addition, Such Shareholder shall deliver, or cause the Director Candidate to deliver, the following document to the Company not less than 15 days before the general meeting of the Company, and such period shall commence after the issue of the notice of the general meeting by the Company in respect of such election:

- (1) the intention of nominating the Director Candidate;
- (2) a written notice issued by the Director Candidate in respect of Relevant Agreement and Undertaking; and
- (3) the written proofs containing Such Information of the Director Candidate.

If the Company receives the nomination of directors made by any shareholders before the convening of a meeting of the Board, the written proofs containing Such Information of the Director Candidate shall be disclosed together with the resolution of the Board or the notice of the general meeting.

### 3.2 Independent Directors

If Such Shareholder nominates a candidate for independent director (“**Independent Director Candidate**”) at a general meeting of the Company according to the laws, such shareholder shall seek the consent of the Independent Director Candidate and shall have sufficient knowledge of Such Information of the Independent Director Candidate. The Independent Director Candidate shall make Relevant Agreement and Undertaking to the Company and shall make an open statement as to the absence of any relation between the Company and him which would affect his independent and objective judgment (“**Statement of Independence**”), while Such Shareholder shall give an opinion in respect of the qualifications and independence of the Independent Director Candidate to act as an independent director (“**Such Opinion**”). In addition, Such Shareholder shall deliver, or cause the Independent Director Candidate to deliver, the following document to the Company not less than 15 days before the general meeting of the Company, and such period shall commence after the issue of the notice of the general meeting by the Company in respect of such election:

- (1) the intention of nominating the Independent Director Candidate;
- (2) a written notice issued by the Independent Director Candidate in respect of Relevant Agreement and Undertaking;
- (3) Statement of Independence and Such Opinion; and
- (4) the written proofs containing Such Information of the Independent Director Candidate.

If the Company receives the nomination of independent directors made by any shareholders before the convening of a meeting of the Board, the written proofs containing Such Information of the Independent Director Candidate, Statement of Independence and Such Opinion shall be disclosed together with the resolution of the Board or the notice of the general meeting.

*This is an English translation of the official Chinese version for reference only. In case of discrepancy, the Chinese version shall prevail.*