

## APPENDIX IV

## SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains a summary of the principal provisions of the Company's Articles of Association. The major objective of this Appendix is to provide potential [REDACTED] with an overview of the Company's Articles of Association, and therefore it may not contain all the information that may be important to potential [REDACTED].

### SHARES AND REGISTERED CAPITAL

Shares of the Company shall take the form of share certificates.

The shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the Shares it/he/she subscribes issued in the same offering.

### INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

#### Increase and Reduction of Shares

Based on its operation and development needs, in accordance with the relevant laws and regulations, and subject to the separate resolutions of the general meeting, the Company may increase its capital by any of the following ways:

- (i) public issuance of shares;
- (ii) non-public issuance of shares;
- (iii) distribution of bonus shares to existing Shareholders;
- (iv) conversion of capital reserve into share capital;
- (v) other means permitted by laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The Company may reduce its registered capital. The reduction of registered capital shall comply with the procedures stipulated in the Company Law and other relevant regulations as well as the Articles of Association.

#### Repurchase of Shares

The company shall not purchase its shares. However, the following circumstances are excluded:

- (i) reduction of the Company's registered capital;
- (ii) mergers with another company holding shares of the Company;
- (iii) use of shares for employee shareholding scheme or equity incentives;
- (iv) Shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to purchase their shares;
- (v) use of shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (vi) where it is necessary for the Company to preserve its value and Shareholders' interest.

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Where the Company purchases its shares under the circumstances set forth in items (i) and (ii) above, the purchase shall be resolved at a general meeting. Where the Company purchases its shares under the circumstances set forth in items (iii), (v) and (vi) above, a resolution thereon may, pursuant to the securities regulatory rules of the place where the shares of the Company are listed, be resolved at a Board meeting that is attended by more than two-thirds of the Directors according to the provisions of the Articles of Association.

After purchasing the company's shares, the company shall fulfill its information disclosure obligations in accordance with the Securities Law, the regulations of the stock exchange where the company's stocks are listed, and other securities regulatory rules.

With respect to domestic listed shares, upon the purchase of its shares by the Company pursuant to the above provisions, under the circumstance set forth in item (i), such shares shall be cancelled within 10 days from the day of purchase; under the circumstances set forth in items (ii) and (iv), such shares shall be transferred or cancelled within six months; under the circumstances set forth in items (iii), (v) and (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

The Company may purchase its own shares by the centralized trading or by any other means recognized by the laws, administrative regulations, the CSRC and the stock exchange(s) of the place where the shares of the Company are listed.

### **Transfer of Shares**

Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on stock exchange.

Directors and senior management of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During their term of office determined at the time of taking office, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company held by them. The above personnel shall not transfer the shares of the Company held by them within 6 months after the expiry of their term of office. If laws, administrative regulations or the securities regulatory authority where the company's shares are listed have other provisions on matters related to the restrictions on the transfer, such provisions shall prevail.

Where Directors, senior management and Shareholders holding 5% or above shares of the Company sell the shares of the Company or other securities with an equity nature within 6 months after purchasing the same, or purchase the shares of the Company or other securities with an equity nature as held within 6 months after selling the same, the earnings arising therefrom shall belong to the Company, and the Board of the Company shall recover such earnings. However, the restriction shall not be applicable to a securities company holding 5% or above of the shares of the Company as a result of its purchase of the remaining unsold shares underwritten by it and other circumstances stipulated by the securities regulatory department of the place where the company's shares are listed.

## **SHAREHOLDERS AND GENERAL MEETINGS**

### **Shareholders**

The Company shall establish a register of members with the evidence provided by the securities registration authority. The register of members shall be sufficient evidence of the holding of the shares of the Company by the Shareholders. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

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Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other distributions in proportion to the shares they hold;
- (ii) to request, convene, hold, attend or appoint a proxy to attend general meetings and exercise the corresponding voting rights in accordance with laws;
- (iii) to supervise, present suggestions on or make inquiries about the operations of the Company;
- (iv) to transfer, gift or pledge the shares it holds in accordance with laws, administrative regulations, securities regulatory rules of the place where the company's shares are listed and regulations of the Articles of Association;
- (v) to inspect and copy the Articles of Association, register of members, minutes of general meetings, resolutions of Board meetings, resolutions of financial reports; Shareholders who meet the statutory requirements may inspect the Company's accounting books and accounting vouchers;
- (vi) in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion with the number of shares held by them;
- (vii) to require the Company to purchase their shares in the event of an objection to the resolutions of the general meeting on merger or division of the Company;
- (viii) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and regulations of the Articles of Association.

If any resolution of a general meeting or the Board is in violation of the laws or administrative regulations, Shareholders shall have the right to request the People's court to invalidate the said resolution. If the convening procedures and voting method of the general meetings or Board meetings are in violation of the laws, administrative regulations or the Articles of Association or if the contents of any resolution are in breach of the Articles of Association, Shareholders shall have the right to request the People's court to revoke such resolution within 60 days from the date on which the resolution is approved. However, unless there are only minor defects in the convening procedures or voting methods of the general meeting or the Board, which have no material impact on the resolution.

Shareholders of the Company shall assume the following obligations:

- (i) to abide by the laws, administrative regulations and the Articles of Association;
- (ii) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (iii) not to return Shares unless prescribed otherwise in laws and regulations;
- (iv) not to abuse Shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent status of the juridical person or Shareholders' limited liabilities to impair the interests of the creditors of the Company;
- (v) to assume other obligations prescribed by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders of the Company who abuse their Shareholders' rights and thereby cause loss on the Company or other Shareholders shall be liable for loss compensation according to the laws. Where Shareholders of the Company abuse the Company's position as an independent juridical person and the limited liabilities of Shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such Shareholders shall be jointly and severally liable for the debts owed by the Company.

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### General Provisions for General Meeting

The general meeting of the Company is composed of all shareholders. The general meeting is the organ of authority of the Company and shall exercise the following duties and powers in accordance with laws:

- (i) to elect and replace Directors and to determine matters relating to the remuneration of the Directors;
- (ii) to consider and approve the reports of the Board;
- (iii) to consider and approve the profit distribution plan and loss recovery plans of the Company;
- (iv) to resolve on the increase or reduction of the registered capital of the Company;
- (v) to resolve on the issue of corporate bonds;
- (vi) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to resolve on the appointment and dismissal of accounting firms by the Company;
- (ix) to consider and approve the guarantee issues specified in the Articles of Association;
- (x) to consider matters relating to the purchase and sale of material assets by the Company within one year, where such assets are valued at more than 30% of the Company's most recent audited total assets;
- (xi) to consider and approve matters relating to changes in the use of proceeds;
- (xii) to consider share incentive scheme and employee shareholding scheme;
- (xiii) to consider other matters to be resolved by the general meeting as required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and regulations of the Articles of Association.

The general meeting may authorize the Board to make resolutions on the issuance of corporate bonds.

The following provision of external guarantees by the Company is subject to the consideration and approval of the general meeting:

- (i) any guarantee after the total amount of the external guarantees provided by the Company and its holding subsidiaries exceeding 50% of the latest audited net assets;
- (ii) any guarantee after the total amount of the external guarantees provided by the Company exceeding 30% of the latest audited total assets;
- (iii) the amount of the guarantees provided by the Company within one year exceeding 30% of the latest audited total assets;
- (iv) any guarantee to be provided to a recipient of such security whose asset to liability ratio is over 70%;
- (v) any single guarantee with an amount exceeding 10% of the latest audited net assets;
- (vi) any guarantee provided to Shareholders, de facto controllers, and their related parties (Excluding the Company and its holding subsidiaries);

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- (vii) any guarantees required by relevant laws and administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (i) when the number of directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (ii) when the uncovered loss of the Company reaches one-third of its total paid-up share capital;
- (iii) upon written request(s) by shareholder(s) individually or collectively holding 10% or above of the shares of the Company;
- (iv) when the Board deems it necessary;
- (v) when the Audit Committee proposes such a meeting be held;
- (vi) other circumstances required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

If the extraordinary general meeting is convened in response to the securities regulatory rules of the place where the company's shares are listed, the actual date of the extraordinary general meeting may be adjusted according to the approval progress of the stock exchange(s) of the place where the shares of the Company are listed.

### **Summoning of General Meetings**

The Board shall convene the general meeting on time within the specified period. Subject to the consent of more than half of the independent non-executive directors, the independent non-executive directors have the right to propose to the Board to convene an extraordinary general meeting. With regard to the proposal made by the independent non-executive directors for convening an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board is made. Where the Board does not agree to convene the extraordinary general meeting, it shall provide reasons and notify all shareholders in an appropriate manner.

The Audit Committee proposes to the Board to convene an extraordinary general meeting, such proposal shall be made in writing to the Board. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board is made. Any change to the original proposal in the notice shall be subject to the approval of the Audit Committee.

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Where the Board does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company's shares are entitled to request the Board to convene an extraordinary general meeting and such requisition shall be made in writing to the Board. The Board shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the requisition.

Where the Board agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders.

Where the Board does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company's shares propose the Audit Committee to convene the extraordinary general meeting, such requisition shall be made in writing to the Audit Committee.

Where the Audit Committee agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders.

If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

If the general meeting is convened by the Audit Committee or shareholders on their own, it shall notify the Board in writing. Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.

Where the Audit Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company. The Board and the board secretary will cooperate. The Board will provide the register of members as of the record date for equity.

### **Proposal and Notice of General Meetings**

When the Company convenes a general meeting, the Board, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company's shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the general meeting.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

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The convener shall notify all shareholders at least 20 days prior to the convention of an annual general meeting, or at least 15 days prior to the convention of an extraordinary general meeting. Where the laws, administrative regulations or listing rules of the place where the Company's shares are listed provide otherwise, such rules shall prevail. The Company shall not include the date of convention of meeting into the calculation of starting time.

Notice of the general meeting shall contain:

- (i) the date, venue and duration of the meeting;
- (ii) matters and proposals submitted for consideration at the meeting;
- (iii) a clear statement that: each shareholder is entitled to attend the general meeting in person, or appoint one or more proxies who need not be shareholders of the Company, to attend and vote on his/its behalf;
- (iv) the date of record for the determination of shareholders who are entitled to attend the general meeting;
- (v) name and telephone number of permanent contact person;
- (vi) time and procedures for voting online or by other means.

### Convening of General Meetings

All shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are listed.

Shareholders may attend a general meeting in person, or may appoint a proxy to attend and vote on his/her behalf.

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the power of attorney issued by the shareholder.

Shareholder who is a corporation shall attend and vote at a meeting by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation, except for shareholder who is a recognized clearing house and its nominees as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed. If such corporate shareholder has appointed a proxy to attend the meeting in accordance with the provisions of the Articles of Association, it shall be deemed to be present in person.

If the shareholder is a recognized clearing house or its nominees, it may authorize one or more persons it deems fit to act as its representative at any general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required), as if such person is an individual shareholder of the Company.

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The power of attorney issued by a shareholder to appoint a proxy to attend any general meeting shall contain the following:

- (i) name of the shareholder, and the number and class of shares;
- (ii) name of the proxy;
- (iii) instructions for voting for, against or abstaining from voting on each matter to be considered on the agenda of general meeting;
- (iv) the date of issuance and term of validity of the power of attorney;
- (v) the signature (or seal) of the shareholder. In the case of a corporate shareholder, the seal of the juridical person shall be affixed.

If the power of attorney is signed by other personnel authorized by consignor, the power of attorney for authorized signature or other authorization documents should be certified by a notary. The power of attorney or other authorization documents upon notarized shall, together with the power of attorney for voting, be placed at the domicile of the Company or such other location as specified in the notice of the meeting.

If the consignor is a legal person, its legal representative or any person authorized by resolutions of the Board or other decision-making institutions shall attend the general meeting on behalf of the consignor.

A general meeting shall be presided over by chairman of the Board. Where the chairman of the Board is unable or fails to perform his/her duties, the meeting shall be presided over by a Director jointly elected by more than half of the Directors. A general meeting convened by the Audit Committee shall be presided over by the chairman of the Audit Committee. Where the chairman of the Audit Committee is unable or fails to perform his/her duties, the meeting shall be presided over by an Audit Committee member jointly elected by more than half of the Audit Committee members. A general meeting convened by Shareholders shall be presided over by a representative elected by convener(s). Where the host of the meeting violates the rules of procedure and makes it impossible to continue the meeting, with the consent of more than half of the shareholders present at the meeting with voting rights, the general meeting may elect a person to serve as the host of the meeting and continue the meeting.

### **Voting of General Meetings**

Resolutions of the general meeting include ordinary resolutions and special resolutions. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders attending and entitled to vote at the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders attending and entitled to vote at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board;
- (ii) plans formulated by the Board for the distribution of profits and for making up losses;
- (iii) appointment and removal of the members of the Board, their remunerations and methods of payment;
- (iv) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution

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The following matters shall be resolved by a special resolution at a general meeting:

- (i) the increase or reduction of share capital of the Company;
- (ii) the split, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company;
- (iii) the amendment of the Articles of Association and its annexes;
- (iv) the purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;
- (v) any other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

Shareholders have the right to exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote, except for shareholders of class shares.

The shares held by the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting. If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting. Where under applicable laws, regulations and the SEHK Listing Rules, any shareholder is required to abstain from voting on a resolution or is restricted to voting only in favor of (or against) a resolution, any votes cast by such shareholder or its proxy in breach of such requirement or restriction shall be disregarded.

When a connected transaction is considered at a general meeting, the connected shareholders shall refrain from voting and the number of voting shares that they represent shall not be counted the total number of valid voting shares. Resolutions of the general meeting shall fully explain the voting of non-connected shareholders.

### BOARD OF DIRECTORS

#### Directors

Directors of the Company shall be natural persons. They shall possess the qualifications required by laws, administrative regulations, rules and securities regulatory rules of the place where the company's shares are listed. A person may not serve as a Director of the Company in case of any of the following circumstances:

- (i) the person is without civil conduct capacity or with limited civil conduct capacity;
- (ii) the person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotage of the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation, or if suspension of the sentence is announced, it has not been two years since completion of probation;

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- (iii) the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of such revocation of the business license;
- (v) the person is listed as a dishonest judgement debtor who is liable for a relatively large amount of debts that are overdue;
- (vi) the person subject to securities market entry restrictions imposed by the CSRC, with the restriction period not yet expired;
- (vii) the person is publicly deemed by a stock exchange as unsuitable to serve as a director and senior management of a listed company;
- (viii) other contents stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed.

Directors shall be elected or replaced at the general meeting and may be dismissed by the general meeting prior to the expiry of the term of their office. However, such removal from office does not affect the director's claim for damages under any contract. A Director shall serve a term of three years and may serve consecutive terms if re-elected upon the expiration of their terms.

The term of office of a Director shall commence on the date of assuming office and end on the expiry of the term of the current Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association until the newly elected Director assumes the office.

Senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as senior management officers and the employee representatives shall not exceed a half of the total number of the Directors of the Company.

Directors may resign prior to the expiration of their terms of office. The Directors who resign shall submit to the Board a written report in relation to their resignation. The resignation takes effect from the date the Company receives the resignation letter. In the event that the resignation of any Director results in the number of members of the Board falling below the statutory minimum requirement, the resigned Directors shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules the listing rules of the place where the shares of the Company are listed and the Articles of Association until the newly elected Director assumes the office.

The Company has established a director resignation management system to clarify the safeguards for unfulfilled public commitments and other outstanding matters. When the resignation of a Director takes effect or the term of office expires, all transfer procedures shall be completed to the Board, and the fidelity obligations of the director to the Company and the Shareholders shall not be automatically discharged after the end of the term of office, but shall remain valid for three years after the resignation of the director takes effect or the term of office expires; when a director's resignation takes effect or his term of office expires, the confidential obligations of the director to the Company's commercial secrets shall remain valid until the secrets become public known. The Directors' responsibilities in the performance of their duties during their term of office shall not be relieved or terminated by reason of their departure from office.

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### The Board

The Company has established a Board which shall be accountable to the general meetings. The Board shall consist of 8 Directors. The Company shall have one chairman. The chairman shall be elected by more than half of all the Directors.

The Board shall exercise the following powers:

- (i) to convene general meetings and report its work to the general meetings;
- (ii) to implement the resolutions of the general meetings;
- (iii) to formulate business operation plans and investment plans of the Company;
- (iv) to formulate the profit distribution plans and plans for recovery of losses of the Company;
- (v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) to draft plans for major acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change in the form of the Company;
- (vii) to determine, extent authorized by the general meeting, on such matters as the external investments, purchase or sale of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions, and external donations of the Company;
- (viii) to determine the internal management structure of the Company;
- (ix) to determine the appointment or dismissal of the manager or other senior management of the Company and decide on their remuneration, rewards and penalties; and based on the nomination of the manager, to determine the appointment or dismissal of the senior management including financial controller of the Company and determine their remuneration, rewards and penalties;
- (x) to formulate the basic management system of the Company;
- (xi) to formulate proposals for any amendment of the Articles of Association;
- (xii) to propose to the general meeting for appointment or replacement of the accounting firms which provide audit services to the Company;
- (xiii) to listen to work reports of the manager of the Company and review his/her work;
- (xiv) other duties as stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The chairman of the Board shall exercise the following duties and powers:

- (i) to convene and preside over Board meetings, and to preside over general meetings;
- (ii) to supervise and examine the implementation of resolutions of Board;
- (iii) other duties and powers granted by the Board.

The Board shall hold at least four meetings per year, which shall be convened by the chairman and all directors shall be notified in writing 14 days before the meeting (excluding the day on which the meeting is held).

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Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors, or the Audit Committee members, more than half of the independent non-executive directors may propose to convene an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the extraordinary meeting of the Board within 10 days from the receipt of the proposal.

The quorum of a Board meeting shall consist of more than one half of all Directors. A resolution of the Board shall be passed by more than half of all Directors. When voting on the resolutions of the Board, each Director shall have one vote.

Where a Director has any connected relationship with the enterprise involved in the matter to be decided at the meeting, he/she shall promptly submit a written report to the Board. Directors with connected relationship shall not exercise his/her voting rights on the resolution, nor shall he/she exercise his/her voting rights on behalf of other Directors. Such a Board meeting may be held only if more than one half of the Directors without a connected relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the Directors without a connected relationship. If the number of non-connected Directors in presence is less than 3 persons, the matter shall be submitted to the general meeting for consideration.

Directors shall attend Board meetings in person. If any Director is unable to attend the meeting for any reason, he/she may by a written power of attorney appoint another Director to attend the meeting on his/her behalf. The power of attorney shall include the name of the proxy, the subject, scope of authorization and validity period, which shall be signed or officially sealed by the appointing Director. A Director appointed as the representative of another Director to attend the meeting shall exercise the rights within the scope of authorization. Where a Director does not attend a Board meeting and does not appoint a proxy to attend the meeting on his behalf, he/she shall be deemed to have waived his/her voting right at the meeting.

### **Independent non-executive Directors**

Independent non-executive directors shall maintain their independence. The following individuals shall not act as independent non-executive directors:

- (i) Persons employed by the Company or its subsidiaries, as well as their spouses, parents, children, and close social relations;
- (ii) Natural person shareholders who directly or indirectly hold more than 1% of the company's issued shares or are among the top ten shareholders of the Company, as well as their spouses, parents, and children;
- (iii) Persons working for shareholders who directly or indirectly hold more than 5% of the company's issued shares or for the top five shareholders of the company, as well as their spouses, parents, and children;
- (iv) Persons working for affiliated enterprises of the company's controlling shareholder or actual controller, as well as their spouses, parents, and children;
- (v) Persons who have significant business dealings with the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, or who work for entities with such significant business dealings or their controlling shareholders or actual controllers;
- (vi) Persons who provide financial, legal, consulting, sponsorship, or other services to the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all members of the project team of intermediary institutions providing such services, reviewers at all levels, signatories on reports, partners, directors, senior management personnel, and principal responsible persons;

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- (vii) Persons who, in the past 12 months, have fallen under any of the circumstances listed in items (i) to (vi) above;
- (viii) Other individuals deemed non-independent under laws, administrative regulations, CSRC rules, stock exchange rules, securities regulatory rules and the Articles of Association.

Independent non-executive directors shall conduct an annual self-assessment of their independence and submit the results to the Board. The Board shall evaluate the independence of incumbent Independent non-executive directors annually and issue a special assessment opinion.

Independent non-executive directors shall exercise the following special powers:

- (i) independently engage intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;
- (ii) propose to the Board the convening of an extraordinary general meeting of shareholders;
- (iii) propose the convening of a Board meeting;
- (iv) lawfully solicit shareholder rights from shareholders;
- (v) express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (vi) other powers stipulated by laws, administrative regulations, CSRC rules and the Articles of Association.

The exercise of the powers listed in items (i) to (iii) above shall be subject to the consent of more than half of all Independent non-executive directors.

The following matters shall be submitted to the Board for deliberation only after being approved by more than half of all Independent non-executive directors:

- (i) related-party transactions that are required to be disclosed;
- (ii) proposals for changes to or waivers of commitments made by the Company or relevant parties;
- (iii) decisions and measures made by the Board of the listed company being acquired in response to the acquisition;
- (iv) other matters stipulated by laws, administrative regulations, CSRC rules and the Articles of Association.

The Company establishes a mechanism for special meeting attended solely by Independent non-executive directors. Related party transactions should be pre-approved by the special meeting of Independent non-executive directors before being submitted to the Board for consideration.

The Company shall hold special meetings of Independent non-executive directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of the paragraph 1 of Article 132 of the Articles of Association shall be considered at a special meeting of Independent non-executive directors.

The special meetings of Independent non-executive directors shall be convened and presided over by an independent director jointly elected by a majority of the Independent non-executive directors; in the event that the convener fails to or is unable to perform his/her duties, two or more Independent non-executive directors may convene and elect a representative to preside over the meeting on their own.

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Minutes of the special meetings of Independent non-executive directors shall be prepared as required, with the inclusion of the opinions of the Independent non-executive directors, who shall sign to confirm the minutes of the meetings.

### Special Committees of the Board

The Board of the Company has established an Audit Committee, which shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The Audit Committee consists of three members, who are not senior management members of the Company, including two independent non-executive directors, and the convenors are accounting professionals among the independent non-executive directors.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. Any of the following matters shall be subject to the affirmative votes of more than half of all the members of the Audit Committee before the Board makes a resolution:

- (i) disclosing the financial and accounting reports, and financial statements and internal control evaluation report of periodic reports;
- (ii) hiring or removing the accounting firm that undertakes the audit engagements of the Company;
- (iii) appointing or removing the financial controller;
- (iv) making changes to accounting policies or accounting estimates, or make corrections for material accounting errors for reasons other than changes in accounting standards; and
- (v) any other matters authorized by the laws, administrative regulations, CSRC rules, other securities regulatory rules and the Articles of Association.

The Audit Committee shall hold a regular meeting at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems necessary. A meeting of the audit committee may only be held when more than two thirds of the members attended. Resolutions adopted at the Audit Committee meeting must be approved by more than half of all members of the Audit Committee. Resolutions of the Audit Committee shall be passed on a "one person one vote" basis.

The Board of the Company has established other special committees such as the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc., which perform their duties in accordance with the Articles and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision making. The working procedures of the special committees shall be formulated by the Board. Among them, Independent non-executive directors in the Nomination Committee and the Remuneration and Appraisal Committee shall be in majority and one of them acts as convener.

### SENIOR MANAGEMENT

The Company shall have one general manager, who shall be appointed or dismissed by the Board. The Company's chief medical officer, chief executive officer, chief operating officer, and financial controller, are the senior executives of the Company.

The circumstances of disqualification for Directors and director resignation management system prescribed in the Articles of Association shall also be applicable to senior management.

The general manager shall serve for a term of 3 years and may serve consecutive terms if re-appointed.

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The general manager shall report to the Board and exercise the following duties and powers:

- (i) to take charge of the production, operation and management of the Company, organize the implementation of the Board, and report to the Board;
- (ii) to organize the implementation annual business plans and investment plans of the Company;
- (iii) to draft the plans for establishment of the internal management organization of the Company;
- (iv) to draft the basic management system of the Company;
- (v) to formulate the rules and regulations of the Company;
- (vi) to propose to the Board the appointment or dismissal of the Company's deputy general manager and financial controller;
- (vii) to determine the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be determined by the Board;
- (viii) other duties and powers as may be conferred by the Articles of Association or by the Board.

The senior management of the Company shall perform their duties faithfully, and safeguard the best interests of the Company and all Shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their fiduciary duties, causing damage to the interests of the Company and public Shareholders, they shall be liable for compensation in accordance with the laws.

### FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

#### Financial Accounting System

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities.

The Company shall prepare its annual financial report within four months from the end of each fiscal year. The company's annual and semi-annual financial accounting reports are prepared in accordance with relevant laws, administrative regulations and departmental rules.

The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

#### Profit distribution

When distributing after-tax profits of the year, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not make any further allocations to that fund. Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be first applied to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision. Subject to a resolution passed at a general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

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Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of statutory reserve funds, shall be distributed to Shareholders in proportion to their shareholdings. Where the general meeting distributes its profits to the shareholders in breach of the Company Law, Shareholders must refund to the Company the profits distributed in violation of the provisions. Where damages are caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of capital of the Company. When the Company uses its reserve fund for making up for the loss, it shall first utilize the discretionary reserve fund and the statutory reserve fund. If the losses cannot be fully covered thereafter, the capital reserve fund may be used in accordance with applicable regulations. When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

After the shareholders adopt a profit distribution resolution at the general meeting general meeting, or after the Board formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders, the Board must finish distributing the dividends (or shares) within two months.

### **Internal audit**

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

The audit institution shall be accountable to the Board.

### **Appointment of an Accounting Firm**

The Company shall appoint an accounting firm in compliance with the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and dismissal of the Company's accounting firm shall be decided by the general meeting. The Board shall not appoint the accounting firm until it is decided by the general meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to the accounting firm shall be decided by the general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 30 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions. Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

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### MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

#### Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement thereof in the newspapers or the National Enterprise Credit Information Publicity System within 30 days.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' capital contribution or shareholding, unless otherwise stipulated by the laws or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

#### Dissolution and Liquidation

The Company shall be dissolved upon the occurrence of any of the following events:

- (i) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) a resolution on dissolution is passed by general meeting;
- (iii) dissolution is required due to the merger or division of the Company;

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- (iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (v) the Company suffers significant hardships in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss in Shareholders' interests, Shareholders representing 10% or above of the total voting rights of the Company may plead the people's court to dissolve the Company.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

With regard to the occurrence of the situation described in sub-paragraph (i), (ii) above and has not yet distributed its property to shareholders, the Company may continue to exist by amending the Articles of Association or by resolution of the general meeting. Any amendments to the Articles of Association or any resolution of the shareholders' meeting made pursuant to the preceding paragraph shall be subject to the approval of Shareholders representing two-thirds or above of the voting rights present at the general meetings.

Where the Company is dissolved pursuant to sub-paragraph (i), (ii), (iv) or (v) above, it shall be liquidated. Directors are the obligors for liquidation of the Company and shall establish a liquidation group to carry out liquidation within fifteen days from the date when the cause for dissolution occurs. The liquidation group shall be composed of directors, except as otherwise provided in the Articles of Association or as resolved by the general meeting to elect others. If the liquidation obligor fails to perform the liquidation obligation in a timely manner and causes losses to the company or creditors, it shall bear the liability for compensation.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in the newspapers or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during period of credit declaration.

After checking the assets of the Company and preparing a balance sheet and property list, the liquidation committee shall formulate a liquidation plan for the confirmation by general meeting or the people's court. The remaining properties of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation. The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

If the liquidation committee, after checking the assets of the Company and preparing a balance sheet and property list, finds that the assets of the Company are insufficient to pay off its debts, it shall immediately file an application to the people's court for bankruptcy. After the Company is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the people's court for confirmation, and submit the report to the company registration authority to apply for de-registration of the Company.

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Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

- (i) after amendments are made to the Company Law or other relevant laws, administrative regulations, and regulatory rules at the place where the shares of the Company are listed, any term contained in the Articles of Association become inconsistent with the said amendments;
- (ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- (iii) the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the general meeting require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.