
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Shanghai Bio-heart Biological Technology Co., Ltd.**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Shanghai Bio-heart Biological Technology Co., Ltd. **上海百心安生物技術股份有限公司**

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

(Stock Code: 2185)

1. MAJOR TRANSACTION DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY; 2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND 3. NOTICES OF EXTRAORDINARY GENERAL MEETING AND CLASS MEETINGS

Notices convening the EGM and the Class Meetings to be held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Thursday, February 13, 2025 at 2:00 p.m. is set out on pages EGM-1 to UCM-3 of this circular.

Forms of proxy for use at the EGM and the Class Meetings are enclosed and are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bio-heart.com). Shareholders who intend to appoint a proxy to attend the EGM and/or the Class Meetings shall complete and return the forms of proxy in accordance with the instructions printed thereon not less than 24 hours before the time appointed for the EGM and the Class Meetings or any adjournment thereof (as the case may be). Completion and return of the forms of proxy will not prevent you from attending and voting in person at the EGM and the Class Meetings or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Reference to times and dates in this circular are to Hong Kong local times and dates.

January 24, 2025

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“AngioCare”	Shanghai AngioCare Medical Technology Co., Ltd.* (上海安通醫療科技有限公司), a subsidiary of the Company
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“BRS”	Bioheart® bioresorbable scaffold
“Capital Injection”	the subscription by the Investor of 45.3208% of the enlarged equity interest in Zhejiang Bioheart;
“Class Meetings”	the H Shareholders’ Class Meeting and the Unlisted Foreign Shareholders’ Class Meeting
“Company”	Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability on December 8, 2020
“Completion”	the completion of the Capital Injection
“Deemed Disposal”	the reduction of the Company’s interest in Zhejiang Bioheart from 100% to 54.6792%
“DCB”	drug coated balloon
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Thursday, February 13, 2025 at 2:00 p.m. or any adjournment thereof for the purpose of, to consider and, if thought fit, to approve the resolutions contained in the notice of extraordinary general meeting which is set out on pages EGM-1 to EGM-3 of this circular
“Group”	the Company and all of its subsidiaries

DEFINITIONS

“H Shares”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of the H Shares
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders to be convened and held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Thursday, February 13, 2025 at 3:00 p.m. (or immediately after the conclusion or adjournment of the EGM) or any adjournment thereof (whichever is the later)
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and any of its connected persons
“Independent Valuer”	China United Assets Appraisal Group (Zhejiang) Co., Ltd. (中聯資產評估集團(浙江)有限公司)
“Investment Agreement”	the investment agreement dated December 31, 2024 relating to the proposed increase in registered capital of Zhejiang Bioheart entered into between Zhejiang Bioheart and the Investor
“Investor”	Jiaxing Guojian Baixin Equity Investment Partnership Enterprise (Limited Partnership)* (嘉興國健百心股權投資合夥企業(有限合伙)), a limited partnership established in the PRC
“Latest Practicable Date”	January 22, 2025, being the latest practical date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force and as may be amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau and Taiwan
“Repurchase Options”	has the meaning ascribed to it under “The Shareholders Agreement – Shareholders’ rights and obligations – Repurchase Options” in this circular

DEFINITIONS

“RDN”	renal denervation
“RMB”	the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Baihate”	Shanghai Baihate Enterprise Management Consulting L.P. (Limited Partnership) (上海百哈特企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and being one of the employee incentive platforms of the Group
“Shanghai Baixinantong”	Shanghai Baixinantong Enterprise Management Consulting L.P. (Limited Partnership) (上海百心安通企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and being one of employee incentive platforms of the Group
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Foreign Shares and H Shares
“Shareholder(s)”	the holder(s) of the Share(s) and in the context of the H Shareholders’ Class Meeting, refers to the H Shareholders; in the context of the Unlisted Foreign Shareholders’ Class Meeting, refers to the Unlisted Foreign Shareholders
“Shareholders Agreement”	the shareholders agreement dated December 31, 2024 entered into among the Company, the Investor and Zhejiang Bioheart
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Unlisted Foreign Shares”	ordinary shares issued by the Company with a nominal value of RMB1.00 each and are held by foreign investors and are not listed on any stock exchange
“Unlisted Foreign Shareholder(s)”	holder(s) of the Unlisted Foreign Shares

DEFINITIONS

“Unlisted Foreign Shareholders’ Class Meeting”	the class meeting of Unlisted Foreign Shareholders to be convened and held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Thursday, February 13, 2025 at 4:00 p.m. (or immediately after the conclusion or adjournment of the H Shareholders’ Class Meeting) or any adjournment thereof (whichever is the later)
“Valuation”	the valuation of Zhejiang Bioheart as of November 30, 2024 appraised by the Independent Valuer in its valuation report dated December 25, 2024
“Valuation Base Date”	November 30, 2024
“Zhejiang Bioheart”	Zhejiang Bioheart Medical Equipment Co., Ltd. (浙江百心安醫療器械有限公司), a company established in the PRC with limited liability on October 15, 2024
“%”	per cent

* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*

LETTER FROM THE BOARD



Shanghai Bio-heart Biological Technology Co., Ltd.

上海百心安生物技術股份有限公司

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

(Stock Code: 2185)

Executive Directors:

Mr. Philip Li WANG (*Chairman*)

Mr. Yunqing WANG

Ms. Peili WANG

Independent Non-executive Directors:

Mr. Yiqing CHEN

Mr. Xubo LU

Mr. Yifei JIANG

Registered Office, Headquarters and

Principal Place of Business in the PRC:

Room 302, 3/F, Building 4

No. 590 Ruiqing Road

East Zhangjiang Hi-Tech Park

Pudong New Area

Shanghai

PRC

Principal Place of Business in Hong Kong:

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

January 24, 2025

To the Shareholders

Dear Sir or Madam,

**1. MAJOR TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY;
2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND
3. NOTICES OF EXTRAORDINARY GENERAL MEETING
AND CLASS MEETINGS**

I. INTRODUCTION

Reference is made to the announcement of the Company dated January 2, 2025 in relation to the Investment Agreement and the Shareholders Agreement and the proposed amendments to the Articles of Association.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Injection, the Investment Agreement and the Shareholders Agreement; (ii) financial information of the Company; (iii) details of the proposed amendments to the Articles of Associations; (iv) other information as required by the Listing Rules; and (v) notices of the EGM and the Class Meetings.

II. DEEMED DISPOSABLE OF EQUITY INTEREST IN A SUBSIDIARY

(i) The Investment Agreement

Date

December 31, 2024 (after trading hours)

Parties to the Investment Agreement

- (1) the Investor;
- (2) the Company; and
- (3) Zhejiang Bioheart.

The Capital Injection

The Investor conditionally agreed to inject approximately RMB155.6 million into Zhejiang Bioheart, of which approximately RMB37.88 million will be accounted for as paid-in registered capital of Zhejiang Bioheart, while the balance of approximately RMB117.72 million will be accounted as its capital reserve.

Immediately after completion of the Capital Injection, the Investor will be interested in approximately 45.3208% of the enlarged registered capital of Zhejiang Bioheart, and the Group's interest in Zhejiang Bioheart will be diluted from 100% to approximately 54.6792%. According to Rule 14.29 of the Listing Rules, the relevant dilution is considered to be a deemed disposal of the Company's interest in a subsidiary.

Subscription price and basis of consideration

The consideration of the Capital Injection was determined based on arm's length negotiations between the parties. Based on the Valuation prepared by the Independent Valuer, the appraised value of equity interest of Zhejiang Bioheart as of the Valuation Base Date was not less than RMB187.73 million. For details of the Valuation, please refer to the section headed "(ix) Valuation of Zhejiang Bioheart" below and Appendix IV to this circular.

LETTER FROM THE BOARD

Conditions Precedent of the Investment Agreement

The Completion shall be subject to the fulfilment of the following conditions:

- (i) the Investment Agreement has become effective;
- (ii) the Company and Zhejiang Bioheart have not violated any representations, warranties, commitments, or statements under the Agreement;
- (iii) the Company and Zhejiang Bioheart are not in breach of any provisions of the Investment Agreement;
- (iv) there are no adverse circumstances affecting the ongoing operations of Zhejiang Bioheart;
- (v) Zhejiang Bioheart and the Company have fulfilled all commitments and obligations required on or before the Completion, including the Company waiving its pre-emptive rights to new equity and any other potential rights;
- (vi) the board of directors and shareholders of Zhejiang Bioheart have passed resolutions approving the Capital Injection and related transactions;
- (vii) all transaction documents (including the Investment Agreement, the Shareholders Agreement and articles of association) have been appropriately signed by the Investor, Zhejiang Bioheart and all relevant parties;
- (viii) the Capital Injection has been approved by the internal decision-making body or investment committee of the Investor;
- (ix) senior management and key personnel of Zhejiang Bioheart have signed confidentiality, non-compete, and intellectual property protection agreements;
- (x) AngioCare has obtained the approval for the second-generation Iberis® RDN product from the National Medical Product Administration of the PRC (國家藥品監督管理局);
- (xi) the Company has transferred or licensed relevant patents for the production of the BRS products; and
- (xii) the Investor has received a confirmation from the Company and Zhejiang Bioheart that the conditions precedents have been fulfilled and that there are no significant adverse changes to Zhejiang Bioheart.

LETTER FROM THE BOARD

As of the Latest Practicable Date, conditions precedent (vii), (viii), (ix) and (xi) had been fulfilled. Conditions precedent (x) is expected to be fulfilled by the first quarter of this year, and the rest of the conditions precedent are expected to be fulfilled immediately after the transactions have been approved by the Shareholders at the EGM.

Completion

Completion will take place within 10 business days after the date on which all of the Conditions Precedent have been fulfilled. The consideration of the Capital Injection shall be paid into Zhejiang Bioheart's designated bank account on the date of Completion.

(ii) The Shareholders Agreement

Date

December 31, 2024 (after trading hours)

Parties to the Shareholders Agreement

- (1) the Investor;
- (2) the Company; and
- (3) Zhejiang Bioheart.

(collectively referred to as the “**Parties**”, and each, a “**Party**”)

Shareholders' rights and obligations

The Shareholders Agreement sets out the rights and obligations of the Parties thereto in relation to the management and operations of Zhejiang Bioheart and shall take effect upon the Completion. In particular, it contains the following key provisions in relation to the Investor's rights and obligations as a shareholder of Zhejiang Bioheart:

Pre-emptive right, right of first refusal and tag-along rights

The Investor shall enjoy the following pre-emptive right, right of first refusal and tag-along rights:

Pre-emptive right:

Any issuance of shares must first be offered to all of the shareholders of Zhejiang Bioheart, in proportion to the number of voting and participating shares of Zhejiang Bioheart held by each of its shareholders.

LETTER FROM THE BOARD

Right of first refusal:

When a shareholder of Zhejiang Bioheart (other than the Investor) wishes to assign, either directly or indirectly, all or part of its shares of Zhejiang Bioheart, such shareholder shall notify the Investor and make the offer available to the Investor in priority with the same terms and conditions. This right may be exercised by giving notice within 10 business days following receipt of the notice for the share transfer.

Tag-along right:

When a shareholder of Zhejiang Bioheart (other than the Investor) wishes to assign, either directly or indirectly, all or part of its shares of Zhejiang Bioheart and the Investor does not exercise its right of first refusal, the Investor may exercise a tag-along right by requesting to participate in the share transfer and transfer a pro rata portion of its shares, at the same terms and conditions applicable to such shareholder. This right may be exercised by giving notice within 10 business days after the Investor confirms not to exercise the right of first refusal or following the expiry of the notice period of the right of first refusal.

Anti-dilution

Since Completion and up to the completion of the Qualified IPO, Zhejiang Bioheart shall not issue any equity securities that would result in any form of dilution of the Investor's shareholding or equity interest unless approved by the Investor. Without the prior written consent of the Investor, the unit price issued shall not be less than the unit subscription price of the Capital Injection (except for the transfer of equity interest). The Investor shall be entitled to adopt anti-dilution measures such as requiring Zhejiang Bioheart making cash compensation or equity compensation to the Investor so far as permitted by applicable laws and regulations.

Qualified IPO

Zhejiang Bioheart shall issue and list its shares on a domestic stock exchange (the "**Qualified IPO**"). Parties to the Shareholders Agreement shall fully cooperate in the application process of the Qualified IPO.

Repurchase Options

Conditions for the exercise of the Repurchase Options

The Investor shall have the right to demand the Company and Zhejiang Bioheart to repurchase (the "**Repurchase Option(s)**") all or part of the equity interest held by the Investor in Zhejiang Bioheart upon the occurrence of specified repurchase events:

LETTER FROM THE BOARD

Specific repurchase events primarily comprise the following:

- (1) Zhejiang Bioheart fails to complete the Qualified IPO by December 31, 2029;
- (2) the following events has occurred to the Company or its legal representative: (i) significant personal integrity issues, including not limited to fraud, undisclosed sales, major internal control deficiency or misappropriation of interests in Zhejiang Bioheart; (ii) the Company violates laws and regulations that have significant adverse impact on Zhejiang Bioheart; (iii) senior management and core employees of Zhejiang Bioheart have not signed confidentiality, non-compete and intellectual property protection agreements within 30 days after being requested by the Investor; or (iv) there are serious breaches of the transaction documents (including representations, undertakings and guarantees from Zhejiang Bioheart) preventing the objectives of the transaction documents from being achieved;
- (3) Zhejiang Bioheart has violated applicable laws related to its main business, including but not limited to criminal laws, regulations concerning medical device preclinical research, clinical trials, development and post-market studies, as well as securities laws, anti-corruption, anti-bribery, or unfair competition laws, resulting in significant negative impacts on the Investor; or
- (4) Zhejiang Bioheart has severely violated tax regulations.

Repurchase Price

Under the Repurchase Option(s), the Company or Zhejiang Bioheart shall pay the Investor the repurchase price (the “**Repurchase Price**”) in cash within 180 days from the date of receipt of the notice of the exercise of the Repurchase Option(s) issued by the Investor.

The Repurchase Price is to be determined in accordance with the following formula:

$$\text{Repurchase Price} = M \times (1 + 6.45\% \times T) - Q$$

Where:

M = subscription price paid by the Investor in the Capital Injection;

T = the number of days from the actual payment of the subscription price corresponding to the equity required by the investor to be repurchased to the date of full payment of the repurchase price, divided by 365; and

Q = dividends paid to the Investor.

LETTER FROM THE BOARD

The return rate of 6.45% was determined based on the arm's length negotiations of the Parties with reference to (i) the Investor's assessment of the expected return of its investments with reference to the customary practices of private equity in the PRC (with return rates ranging from 6% to 15% based on over five comparable companies engaging in different industries, among which three of them are in the similar industry that Zhejiang Bioheart is situated in); and (ii) the recent financing cost level in the market including the interest rates offered by major commercial banks in the PRC and the consideration that major commercial banks in the PRC may not provide banking facilities with size similar to the amount of the Capital Injection without sufficient track record and/or collateral.

Considering: (i) the maximum Repurchase Price based on the formula as stipulated in the Shareholders Agreement and the amount of Capital Injection; and (ii) the reasons for and benefits of the Capital Injection as set out below, the Directors are of the view that the basis of determination of the repurchase price (including the return rate) is fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Listing Rules Implications of the Repurchase Options

Even if the Repurchase Option(s) may not materialize in the future, they are treated as if they had been exercised upon the execution of the Shareholders Agreement as the exercise of the Repurchase Options is not at the Company's discretion. The materialization of the Repurchase Options is subject to the occurrence of circumstances set out in the paragraph headed "Conditions for the exercise of the Repurchase Options" above. As of the Latest Practicable Date, the Repurchase Options have not been exercised.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of the Repurchase Option(s), exceeds 25% but all are less than 100%, the Repurchase Options contemplated under the Shareholders Agreement constitute a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

Security

To secure the performance of the Repurchase Options, the Company shall pledge its fully diluted approximately 54.6792% equity interest in the Zhejiang Bioheart in favor of the Investor (the "**Share Pledge**"). The Share Pledge shall be registered as a first-ranking pledge in accordance with the relevant laws.

Priority liquidation rights

If Zhejiang Bioheart is liquidated for any reason such as bankruptcy, reorganization, dissolution, merger, demerger or acquisition, the remaining assets of Zhejiang Bioheart after payment of various expenses and settlement of debts and taxes in accordance with the law shall be distributed to the Investor in cash in preference to the other shareholders of Zhejiang Bioheart.

LETTER FROM THE BOARD

The entering into of the Investment Agreement and the Shareholders Agreement, the grant of the Repurchase Options and the provision of the Share Pledge are inter-conditional on each other.

(iii) Information of the Group and Zhejiang Bioheart

The Group

The Company, headquartered in Shanghai, China, is a leading innovative interventional cardiovascular device company with a current focus on two therapies: (i) BRS addressing the unmet medical needs of Chinese patients for the treatment of coronary artery diseases, and (ii) RDN addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension.

Zhejiang Bioheart

Zhejiang Bioheart is a company established in the PRC with limited liability on October 15, 2024 and a wholly-owned subsidiary of the Company as of the Latest Practicable Date, which is principally engaged in manufacturing and commercialization of innovative medical devices. Set out below is a summary of the unaudited financial information of Zhejiang Bioheart for the period indicated:

For the
month ended
November 30, 2024
(Unaudited)
RMB'000
(approximately)

Loss attributable to the assets of Zhejiang Bioheart (before and after taxation)	267
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The unaudited net asset value of Zhejiang Bioheart as of November 30, 2024 was approximately RMB45 million.

(iv) Information of the Investor

The Investor is a limited partnership established in the PRC with limited liability on December 18, 2024, which is principally engaged in equity investment in the healthcare sector. As of the Latest Practicable Date, the Investor was owned by (i) Wuhan Guojian Capital Management Co., Ltd.* (武漢國健資本管理有限公司) (“**Wuhan Guojian**”) as its executive partner as to 0.6192%; (ii) Zhongantang (Shenzhen) Medical Group Co., Ltd. (眾安堂(深圳)醫療集團有限公司)* (“**Zhongantang**”) as its executive partner as to 0.6192%; (iii) Beijing Yichuang Xinan Science and Technology Development Center* (北京醫創心安科技發展中心(有限合夥)) (“**Yichuang**”).

LETTER FROM THE BOARD

Xinan”) as its limited partner as to 33.1269%; (iv) Jiaxing Science and Technology City Industrial Investment Fund Co., Ltd.* (嘉興科技城產業投資基金有限公司) (“**Jiaxing Industrial Investment**”) as its limited partner as to 32.8173% and (v) Zhejiang Xingnan Equity Investment Co., Ltd.* (浙江理南股權投資有限公司) (“**Zhejiang Xingnan**”) as its limited partner as to 32.8173%.

Wuhan Guojian is a company established in the PRC with limited liability, principally engaged in investment management and investment consultancy, and is ultimately controlled by Guojian Financial Leasing Co., Ltd.* (國健融資租賃有限公司), a company founded by China National Pharmaceutical Group Corp.* (中國醫藥集團有限公司) and China Life Insurance (Group) Company* (中國人壽保險(集團)公司). Zhongantang is a company established in the PRC with limited liability, principally engaged in health regimen management consulting, which is wholly owned by Jiangbin Huang* (黃江彬). Yichuang Xinan is a limited partnership principally engaged in technology development and technology promotion in the PRC, which was founded by (i) Nanjing Guojian Jinquan Equity Investment Management Co., Ltd.* (南京國健錦泉股權投資管理有限公司) (as its executive partner), which is owned Shanghai Zhuorei Enterprise Management Consulting Co., Ltd.* (上海焯芮企業管理諮詢有限公司) (“**Shanghai Zhuorei**”), Guojian (Beijing) Capital Management Co., Ltd.* (國健(北京)資本管理有限公司) (“**Guojian Beijing**”) and Nanjing Kunrui Enterprise Consulting Management Co., Ltd.* (南京坤瑞企業諮詢管理有限公司) (“**Nanjing Kunrui**”) as to 40%, 35% and 25%, respectively. Shanghai Zhuorei is a limited company established in the PRC principally engaging in enterprise management consulting, and is controlled by Shenzhen Ruiersi Management Consulting Co., Ltd.* (深圳市睿爾斯管理諮詢有限公司), which is owned as to 90% and 10% by Gao Song (高松) and Shen Lu (沈璐). Guojian Beijing is a limited company established in the PRC principally engaging in investment management and asset management, and is controlled by Guojian Financial Leasing Co., Ltd.* (國健融資租賃有限公司), which is founded by China National Pharmaceutical Group Corp.* (中國醫藥集團有限公司) and China Life Insurance (Group) Company* (中國人壽保險(集團)公司). Nanjing Kunrui is a limited company established in the PRC principally engaging in enterprise management consulting, and is owned by Yufen HE (賀玉芬) and Chunhua ZHANG (張春華) as to 99% and 1%, respectively; (ii) the Company (as its limited partner); and (iii) Jing Bao* (保京) (as its limited partner). Jiaxing Industrial Investment is a state-owned company established in the PRC with limited liability, principally engaged in equity investment and investment management. Zhejiang Xingnan is a state-owned company established in the PRC with limited liability, principally engaged in equity investment.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, the Investor and its ultimate beneficial owner(s) are Independent Third Parties as of the Latest Practicable Date. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the counterparty of the transaction (i.e Jiaxing Guojian Baixin Equity Investment Partnership Enterprise (Limited Partnership)), any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the counterparty of the transaction who can exert influence on the transaction; and (b) the Company, any connected person at the Company’s level and/or any connected person of the Company’s subsidiaries involved in the transaction.

LETTER FROM THE BOARD

(v) Financial Effects of the Deemed Disposal

Upon Completion, Zhejiang Bioheart will be owned as to approximately 54.6792% by the Company and as to approximately 45.3208% by the Investor. Therefore, the Company's interest in Zhejiang Bioheart will be diluted from 100% to approximately 54.6792%. Immediately after the Completion, Zhejiang Bioheart will remain as a subsidiary of the Company and the accounts of Zhejiang Bioheart will remain consolidated into the Company's accounts.

The Capital Injection is expected to be recorded as an equity transaction in accordance with International Financial Reporting Standards and the accounting policies of the Group. The Directors do not expect to recognize any gain/loss from the transactions contemplated under the Investment Agreement. Shareholders should note that the actual amount of gain/loss from the Capital Injection be recorded by the Company (if any) will be subject to review by the auditors of the Company. In view of the unaudited net asset value of Zhejiang Bioheart as of November 30, 2024 of approximately RMB45 million, the consideration is in excess of approximately RMB135.0 million over 45.3208% of the unaudited net asset value of Zhejiang Bioheart.

Upon completion of the Capital Injection, the amount of the Group's total assets will be increased by approximately RMB155.6 million. As the Investor will be entitled to exercise the Repurchase Options when the relevant conditions are triggered, the Company expects to record a decrease in assets, the amount of which will be determined in accordance with the formula of Repurchase Price upon the occurrence of such event.

(vi) Use of Proceeds

The proceeds from the Capital Injection shall be applied to the working capital of Zhejiang Bioheart for the development of Zhejiang Bioheart's principal business, including building manufacturing capacity in Nanhu District, Jiaxing City, Zhejiang Province and the commercialization of the related products.

(vii) Reasons For and Benefits of The Capital Injection

The Directors consider that the Capital Injection can enhance the working capital and expand the capital base of Zhejiang Bioheart, as well as provide capital support for the operations and development of Zhejiang Bioheart to satisfy its business needs and growth. Besides, the introduction of the Investor is expected to create a synergy on the business development of Zhejiang Bioheart having considered the diverse backgrounds of the partners of the Investors as set out above, which include state-owned entities in Jiaxing City, Zhejiang Province. The Directors consider that they will be able to support Zhejiang Bioheart in building manufacturing plant in Jiaxing City, Zhejiang and commercializing innovative products in the future. Taking into account the factors mentioned above, the Board considers that the terms and conditions of the Investment Agreement and the Shareholders Agreement, the Capital Injection, the Repurchase Options and the transactions as contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has any material interest in the Investment Agreement, the Shareholders Agreement, and the transactions contemplated thereunder.

None of the Directors is required to abstain from voting on the relevant resolution approving the Capital Injection at the Board meeting.

(viii) Listing Rules Implications

Zhejiang Bioheart is a direct wholly-owned subsidiary of the Company as of the Latest Practicable Date. It is contemplated that the percentage of the Group's shareholding interest in Zhejiang Bioheart will reduce to approximately 54.6792% following the completion of the Capital Injection by the Investor. The Capital Injection, if materialized, may constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Injection and the transactions contemplated thereunder (taking into account the Repurchase Options) exceeds 25% but all are less than 75%, the Capital Injection constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

As the exercise of the Repurchase Options is not at the Company's discretion, such right of the Investor is treated as if it had been exercised upon the execution of the Investment Agreement and the Shareholders Agreement under Rule 14.74 of the Listing Rules. The Company will publish an announcement as soon as reasonably practicable should the Investor exercises such right.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Investment as contemplated under the Investment Agreement and the Shareholders Agreement, and none of the Shareholders and their associates is required to abstain from voting in the EGM to be convened by the Company for the approval of the Capital Injection as of the Latest Practicable Date.

(ix) Valuation of Zhejiang Bioheart

Evaluation methods

Based on the valuation report issued by the Independent Valuer dated December 25, 2024, the Valuation was prepared with November 30, 2024 as the Valuation Base Date using the discounted future estimated cash flow method of the income approach. As a result, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules, and accordingly, the requirements under Rules 14.60A of the Listing Rules is applicable.

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The appraisal methods applied by the Independent Valuer in the Valuation Report were the asset-based approach and the income approach. Asset-based valuation is based on the cost reset of assets as the value standard, reflecting the socially necessary labor consumed by asset investment (acquisition and construction costs), which usually change with the changes in the national economy. Income approach evaluation is based on the expected return of assets as the value standard, reflecting the size of the asset's operating ability (profitability), which is usually influenced by various conditions such as macroeconomic, government control, and effective use of assets.

As advised by the Independent Valuer, income approach was finally selected because the asset-based approach cannot be used to reflect the excess income brought by contracted manufacturing and commercialization for innovative products including BRS, RDN and DCB (the “**Contracted Business**”). Based on the clear business plan of the Zhejiang Bioheart in the future and the provision of reasonable production capacity and output plans, the market capacity and market share of the products to be sold can be reasonably judged through market research. The approval time for some future years has been verified and compared with the approval time for similar products, and the approval time can be reasonably predicted. The income approach can reasonably reflect the excess returns brought by the Contracted Business. Therefore, the evaluation result of income approach is the value reference basis of Zhejiang Bioheart, and it is concluded that the value of all shareholders' equity of Zhejiang Bioheart as of the Valuation Base Date is approximately RMB187.73 million.

Despite that Zhejiang Bioheart does not have a historical track record to substantiate the forecasts, the Directors have considered the following factors in determining whether the income approach adopted by the Independent Valuer is appropriate:

- the Group is currently still a pre-revenue biotech company which has been engaged in dedicated research and development of innovative medical devices over 10 years. The Group's core products, BRS and RDN, are expected to have promising market potential for the treatment of coronary artery diseases and uncontrolled and resistant hypertension, respectively. Zhejiang Bioheart will be designated as the manufacturing and commercialization center of the Group and will be contracted for the production and commercialization of the Group's core products and other innovative medical devices developed by other parties after obtaining related regulatory approvals;
- The Group's RDN product candidate, Iberis, is expected to be approved in the first quarter of 2025 and be commercialized afterwards. Zhejiang Bioheart's revenue will be contributed by the contracted production and commercialization of BRS, RDN and other innovative medical devices developed by the Group or other third parties after approval. The future growth rate will be a combined result of the increase of market penetration rate and the rapid growth of the potential market of the innovative medical devices mentioned above; and

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- Zhejiang Bioheart will build a manufacturing facility with higher manufacturing capacity and a commercialization team utilizing the proceed from the Capital Injection and its internal resources. By integrating the manufacturing and commercialization of the products, the Group is expected to be beneficial from the potential reduction in labor cost and production cost and the flexibility for future manufacturing and market expansion.

Based on the above and the assessment by the Directors, the Directors are of the view that the approach adopted by the Independent Valuer is fair and reasonable.

Pursuant to Rule 14.60A of the Listing Rules, the Board has reviewed the principal assumptions upon which the Valuation is based and is of the view that the profit forecast has been made after due and careful enquiry.

Principal Assumptions

The details of the principal assumptions (including commercial assumptions) upon which the Valuation was based are as follows:

- the external economic environment remains unchanged and that there are no significant changes in the current macroeconomic conditions in the PRC as of the Valuation Base Date;
- the socio-economic environment in which Zhejiang Bioheart operates, including tax policies and rates, is assumed to remain stable without significant changes;
- the future management team is assumed to perform diligently, allowing operations to follow the predicted management model established at the Valuation Base Date;
- the information provided by the Company is true, accurate and complete;
- the valuation scope is based solely on the evaluation declaration form provided by the Company and the assessed entity, without considering any potential assets or liabilities beyond what has been listed;
- the valuation is based on the production and operational capabilities of the assessed entity as of the Valuation Base Date, and that the management's expansion plans align with future market demand and that the estimated funding for expansion is accurate and can be obtained in a timely manner;
- the cash inflows for Zhejiang Bioheart subsequent to the Valuation Base Date will be average, and cash outflows will also be average;

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- there will be cash flow gaps in future years, and Zhejiang Bioheart will be able to timely address these gaps through shareholder contributions or borrowing;
- the tax deduction policy for research and development expenses will continue to be applicable, which allows for 100% deduction of actual expenses incurred from January 1, 2023, under specified conditions; and
- the BRS, RDN, and other innovative medical device products that Zhejiang Bioheart intends to be contracted for production and commercialization can be approved according to the expected approval time of the management team. This evaluation assumes that the future clinical application, coverage by national medical insurance, and entry into centralized procurement can proceed smoothly according to the management's expected timeline.

Key Quantitative Inputs

As advised by the Independent Valuer, the key quantitative inputs used in the calculation of the equity value of Zhejiang Bioheart with respect to the income approach are set out below:

- the projected revenue will be within RMB34.2655 million to RMB496.157 million during 2025 to 2036 (the “**Forecast Period**”), which is mainly contributed by manufacturing and commercialization of innovative medical devices, including BRS, RDN and DCB. The end of the Forecast Period is set to 2036 as the growth rate is forecast to be steady at the same level of the terminal growth rate after 2036 having considered that the competitive landscape and other external circumstances are expected to become stable;
- the growth rate is expected to be within 2% to 35.86% during 2027 to 2036. The growth rate is projected to decline during 2027 to 2036 due to the increase of future potential competitors. The growth rate is over 300% in 2026 due to the low base in 2025, as Zhejiang Bioheart will mainly be engaged in decoration of the manufacturing plant and applying for related qualifications for manufacturing and commercialization in 2025;
- the gross profit margin is projected to be within 59.10% to 66.86% during the Forecast Period (except for 2025, which is expected to be lower at 7.25% due to the relatively low revenue for 2025 as stated above). The gross profit margin was determined with reference to the expected selling price and average unit cost for the products during the Forecast Period;
- the fixed cost including rent and depreciation and amortization is relatively stable throughout the forecast period, since the revenue for 2025 is relatively low due to the reason stated above, the gross profit margin of 2025 is much more lower compared to other years during the Forecast Period;

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- the earnings before interest, taxes, depreciation and amortization margin is forecast to increase from -232.93% to 26.53%; and
- the capital expenditure of Zhejiang Bioheart is mainly for the decoration of the manufacturing plant and purchase of equipments for manufacturing, the planned capital expenditure is roughly 60 million.

The Independent Valuer has also assumed the reasonableness of information provided and relied to considerable extent on such information in arriving at its opinion of value.

Determination of Terminal Growth Rate:

The terminal growth rate chosen for this time is 2%, with reference to the expected annual inflation rate of 1.7% for average consumer prices of the PRC in 2025 published by the International Monetary Fund.

Determination of Discount Rate:

(i) Determination of risk-free interest rate

After checking the website of China Assets Appraisal Association, the yield of treasury bond bonds provided by the Central treasury bond Securities Depository and Clearing Corporation (CCDC) published on the website is as follows:

China treasury bond bond yield

date	term	On the day (%)
2024/11/29	March	1.37
	June	1.37
	1 year	1.37
	2 years	1.37
	3 years	1.41
	5 years	1.66
	7 years	1.88
	10 years	2.02
	30 years	2.20

The current appraisal is based on the assumption of continuous operation, and the income period of the entrusted appraisal object is infinite. According to the requirements of the Asset Appraisal Expert Guidance No. 12- Calculation of the Discount Rate in the Value of Enterprises Assessed by the Income Approach (Zhongpingxie [2020] No. 38), the yield to maturity of treasury bond with a remaining period of ten years or more can be used as the risk-free interest rate. The yield of the 10-year treasury bond can be used as the risk-free interest rate in this appraisal, that is, $r_f = 2.02\%$.

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(ii) *Determination of market risk premium*

Market risk premium refers to the expected excess return required by investors for equity investments with the same risk as the overall market average, that is, the risk compensation exceeding the risk-free rate. The market risk premium can usually be calculated using historical risk premium data in the market. In this evaluation, the long-term average return rate of the Chinese A-share market index is taken as the market expected return rate r_m , and the portion of the market expected return rate exceeding the risk-free rate is taken as the market risk premium.

According to the requirements of “Expert Guidelines for Asset Appraisal No. 12- Calculation of Discount Rate in Enterprise Value Evaluation by Income Method” (Zhongpingxie [2020] No. 38), when using China’s securities market index to calculate market risk premium, representative indices are usually selected, such as the Shanghai and Shenzhen 300 Index, Shanghai Securities Composite Index, etc., to calculate the excess return rate of the index over a historical period of time, with a time span of more than 10 years, a data frequency of weekly or monthly data, and an arithmetic mean or geometric mean calculation method.

According to China United Assets Appraisal Group (Zhejiang) Co., Ltd.’s tracking research on China’s A-share market, and in combination with the provisions of the above guidelines, the representative Shanghai Composite Index was selected as the underlying index in the appraisal process, and the arithmetic average was used to calculate and annualize the annual rate of return with weekly and monthly data frequency, and the arithmetic average, geometric average and harmonic average were calculated respectively. After comprehensive analysis, the market expected rate of return was determined, that is, $r_m = 9.32\%$.

$$\text{Market risk premium} = r_m - r_f = 9.32\% - 2.02\% = 7.30\%.$$

(iii) *Determination of Capital Structure*

After years of development, the enterprise is in a mature stage, and its capital structure has been relatively stable in recent years. Due to the fact that the profit forecast made by the management of the enterprise is based on its own financing ability and the premise of maintaining stable capital structure, this evaluation chooses the enterprise’s stable capital structure on the evaluation benchmark date to calculate the discount rate for future years. When calculating the capital structure, the value of equity and debt is estimated based on their market value.

As of the benchmark date, the interest paying debt of Zhejiang Bioheart Medical Equipment Co., Ltd. is 0 yuan, and the equity capital is 187.73 million yuan, then the target capital structure of the evaluated company at that time point is 0.00% of the interest paying debt and 100.00% of the equity capital.

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(iv) *Determination of β Coefficient*

Based on the stocks of Shanghai and Shenzhen listed companies in the medical device industry, considering the comparability between the evaluated company and comparable companies in terms of business type, enterprise size, profitability, growth potential, industry competitiveness, and enterprise development stage, appropriate comparable companies are selected. The above comprehensive index is used as the target index, and after querying Tonghuashun IFIND, the market price as of the evaluation benchmark date is used for calculation. The calculation period is 2 years before the evaluation benchmark date, and the estimated non financial leverage risk coefficient β_u of comparable company stocks is obtained. According to the enterprise's own capital structure, the expected market risk coefficient β_e of the evaluated unit's equity capital is calculated as 0.9732.

(v) *Determination of characteristic risk coefficient*

When determining the discount rate, it is necessary to consider the differences between the evaluated object and the listed company in terms of company size, development stage, core competitiveness, dependence on large customers and key suppliers, financing ability and cost, and the robustness of profit forecasts, and determine a specific risk coefficient. During the evaluation process, the evaluators conducted a comparative analysis between the company and comparable listed companies, and obtained a characteristic risk coefficient of $\varepsilon = 4.40\%$.

(vi) *Determination of debt capital cost r_d*

As of the evaluation benchmark date, the evaluated unit has no interest bearing debt, and the debt capital cost r_d is recognized as 0.

(vii) *Calculation of Discount Rate WACC*

Substitute the parameters obtained above into the formula to obtain the discount rate as shown in the table below:

Discount Rate Calculation Table

	December 2024 and subsequent years
	<i>RMB 0,000</i>
Owner's equity value	18,773.00
Interest bearing debt	—
enterprise value	18,773.00

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**December 2024 and
subsequent years**
%

D/E	—
Equity ratio W_e	100
Debt ratio W_d	—
Expected rate of return on debt	—
Risk free interest rate r_f	2.02
Market expected return rate r_m	9.32
Applicable tax rate	25.00
No leverage β	97.32
Equity β	97.32
Characteristic risk coefficient	4.40
CAPM	13.53
After tax debt cost r_d	—
Inflation risk coefficient	2.00
WACC	15.53

Sensitivity Analysis

When the discount rate of the target company changes by -1%, -0.5%, 0%, 0.5%, and 1%, the sensitivity analysis calculation is as follows:

Sensitivity Analysis Calculation Table

Target company	Related indicators	Discount rate -1%	Discount rate -0.5%	Current calculation	Discount rate +0.5%	Discount rate +1%
Zhejiang Bioheart Medical Equipment Co., Ltd.	Valuation (10000 yuan)	23,006.00	20,797.00	18,773.00	16,914.00	15,202.00
	Valuation change amount (RMB10000)	4,233.00	2,024.00	—	-1,859.00	-3,571.00
	Percentage change (%)	22.55%	10.78%	—	-9.90%	-19.02%

(x) Confirmations

A letter from the Company's reporting accountants, dated January 2, 2025 with respect to the profit forecast as required under Rule 14.60A(2) of the Listing Rules and a letter from the Board dated January 2, 2025 in compliance with Rule 14.60A(3) of the Listing Rules was submitted to the Stock Exchange together with this circular, the texts of which are included in Appendix II and Appendix III to this circular, respectively.

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(xi) Experts and Consents

The qualifications of the experts who have given their statements in this circular are as follows:

Name	Qualification
China United Assets Appraisal Group (Zhejiang) Co., Ltd. (中聯資產評估集團(浙江)有限公司)	Independent valuation firm as approved by the Zhejiang Provincial Department of Finance (浙江省財政廳) and China Securities Regulatory Commission (中國證券監督管理委員會)
Ernst & Young	Certified Public Accountants, Hong Kong, and a Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Independent Valuer and Ernst & Young is an Independent Third Party. As of the Latest Practicable Date, the Independent Valuer and Ernst & Young do not have any shareholding in any member of the Company and its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company and its subsidiaries and are not connected persons.

Each of the Independent Valuer and Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or all references to its report and name (including its qualification) in the form and context in which they respectively appear.

As the Investment Agreement and the Shareholders Agreement are subject to the Shareholders' approval, the transactions contemplated under the agreements may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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III. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On February 14, 2023, the State Council of the PRC (the “**State Council**”) issued the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) (the “**Decision**”), which includes the repeal of the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) issued by the State Council on August 4, 1994. On February 17, 2023, the China Securities Regulatory Commission (中國證券監督管理委員會) issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and relevant guidelines, which includes the repeal of the Notice on the Implementation of the Mandatory Provisions for Companies Listing Overseas (《關於執行〈到境外上市公司章程必備條款〉的通知》). The Decision and the Trial Measures have been effective since March 31, 2023 (the “**PRC Regulation Changes**”). From the effective date of the Decision and the Trial Measures, PRC issuers shall formulate their articles of association with reference to the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) instead of the Mandatory Provisions. Furthermore, Unlisted Foreign Shareholders and H Shareholders are no longer deemed to be different classes of shareholders, and thus, the class meeting requirement applicable to Unlisted Foreign Shareholders and H Shareholders are no longer necessary and removed.

In view of the above PRC Regulations Changes, the Stock Exchange also released a consultation paper “Rule Amendments Following Mainland China Regulation Updates and Other Proposed Rule Amendments Relating to PRC Issuers” (the “**Consultation Paper**”) on February 24, 2023, stipulating the consequential Listing Rules Amendments. On July 21, 2023, the Stock Exchange published conclusions to the Consultation Paper. In particular, the Stock Exchange has made consequential amendments to the Listing Rules which have come into effect since August 1, 2023 to, amongst others, reflect the PRC Regulation Changes. Accordingly, the Company is required to amend its existing Articles of Association to comply with the requirements of the Listing Rules and the applicable laws and regulations of the PRC. The Board proposed to make certain amendments to the Articles of Association, in order to, among other things, (i) revise the business scope of the Company according to daily operation and the relevant regulations, (ii) remove the class meeting requirement, and (iii) incorporate certain housekeeping amendments (the “**Proposed Amendments**”).

The Proposed Amendments have been approved by the Board but are subject to the approval by the Shareholders by way of special resolutions at the EGM and the Class Meetings. Save for the Proposed Amendments, other provisions of the Articles of Association remain unchanged. The full text of the Proposed Amendments are set out in Appendix VI to this circular. The Articles of Association are written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

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As Unlisted Foreign Shares and H Shares are considered as the same class of ordinary shares under the PRC law and the substantive rights attached thereto, including voting rights, dividends, and distribution of assets upon liquidation, are the same, the Board is of the view that the removal of the provisions relating to the class meetings in the Articles of Association will not compromise the protection of H Shareholders and will not have a significant impact on shareholder protection measures. The Board considers that the Proposed Amendments are in the interests of the Company and its Shareholders as a whole.

The legal advisers to the Company as to the laws of Hong Kong and the laws of the PRC have respectively confirmed that the Proposed Amendments comply with the applicable requirements of the Listing Rules and the applicable laws of the PRC. The Company also confirms that there is nothing unusual about the Proposed Amendments for a company incorporated in the PRC and listed on the Stock Exchange.

IV. THE EGM AND THE CLASS MEETINGS

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. The notice of the H Shareholders' Class Meeting is set out on pages HCM-1 to HCM-3 to this circular. The notice of the Unlisted Foreign Shareholders' Class Meeting is set out on pages UCM-1 to UCM-3 of this circular. The EGM, the H Shareholders' Class Meeting and the Unlisted Foreign Shareholders' Class Meeting will be held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC, at 2:00 p.m., 3:00 p.m. (or immediately after the conclusion or adjournment of the EGM) and 4:00 p.m. (or immediately after the conclusion of the H Shareholders' Class Meeting), respectively, on Thursday, February 13, 2025.

Forms of proxy for use at the EGM and the Class Meetings are enclosed. Shareholders who intend to appoint a proxy to attend the EGM and/or the Class Meetings are required to complete and return the forms of proxy to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of holders of H Shares) or the Company's registered office at Room 302, 3/F, Building 4, No.590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC (in case of holders of Unlisted Foreign Shares) in accordance with the instructions printed thereon as soon as possible and in any event, not less than 24 hours before the time appointed for holding the EGM and the Class Meetings or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and/or the Class Meetings or any adjournment thereof should you so wish.

V. CLOSURE OF REGISTER OF MEMBERS OF H SHARES AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE EGM AND THE H SHAREHOLDER'S CLASS MEETING

As disclosed in the announcement of the Company dated January 10, 2025, in order to determine the H Shareholders who are entitled to attend and vote at the EGM and the H Shareholders' Class Meeting, the register of members of H shares of the Company will be closed from Tuesday, February 4, 2025 to Thursday, February 13, 2025 (both days inclusive), during which period no transfer of the H Shares will be registered.

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In order to be entitled to attend and vote at the EGM and H Shareholders' Class Meeting, holders of H Shares whose transfers of Shares have not been registered shall lodge the transfer instruments together with the relevant share certificates with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, February 3, 2025.

VI. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at the EGM and the Class Meetings must be taken by poll. As such, all the resolutions set out in the notices of the EGM and the Class Meetings will be taken by poll. The poll results will be announced by the Company after the EGM and the Class Meetings in the manner prescribed under Rule 13.39(5) of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the Latest Practicable Date, no Shareholder had any material interest in the resolutions to be proposed at the EGM and the Class Meetings. Therefore, no Shareholder will be required to abstain from voting in respect of such resolutions.

VII. RECOMMENDATION

The Board considers that the proposed resolutions set out in the notices of the EGM and the Class Meetings are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favor of all the aforementioned resolutions.

VIII. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Shanghai Bio-heart Biological Technology Co., Ltd.
Philip Li WANG
Chairman and executive director

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended December 31, 2021, 2022 and 2023 and the unaudited consolidated financial statements of the Group for the six months ended June 30, 2024 are disclosed in the following documents, which can be accessed on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bio-heart.com).

- a. Annual report of the Company for the year ended December 31, 2021 (pages 85-149), which can be assessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042201558.pdf>

- b. Annual report of the Company for the year ended December 31, 2022 (pages 103-168), which can be assessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602457.pdf>

- c. Annual report of the Company for the year ended December 31, 2023 (pages 109-178), which can be assessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042602969.pdf>

- d. Interim report of the Company for the year ended June 30, 2024 (pages 26-43), which can be assessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092601437.pdf>

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on December 25, 2024, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group was as follows:

Borrowings

The Group did not have any outstanding balance of borrowings nor any unutilized banking facilities.

Lease Liabilities

The Group had current lease liabilities of approximately RMB1.6 million and non-current lease liabilities of approximately RMB6.7 million.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group (including the Group's internal resources, available banking and other borrowing facilities) and the effects of the entering into of the proposed Investment Agreement, in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of the Circular.

4. NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, there had not been any material adverse change in the financial or trading position of the Group since December 31, 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a leading innovative interventional cardiovascular device company in China with a current focus on two therapies: (i) BRS addressing the unmet medical needs of Chinese patients for the treatment of coronary artery diseases, and (ii) RDN addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension. As of the Latest Practicable Date, the Group had a portfolio of three product candidates in various stages of development, which are expected to be commercialized gradually from 2025 to 2027.

The Group plans to implement the following strategies to become a world-renowned chronic disease management medical device platform:

- rapidly advance the clinical development and commercialization of its product candidates, especially Bioheart® and Iberis® 2nd, in order to enjoy a “first-mover” advantage in the unmet BRS and RDN markets in China;
- enhance its sales efforts and strengthen our presence in the interventional cardiovascular device market in China;
- further enhance its research and development capabilities and expand its product portfolios;
- expand its manufacturing capabilities and build its in-house sales and marketing team;
- further expand its presence in China and globally; and
- actively seek opportunities for external partnerships, strategic investments and acquisitions to facilitate our future expansion.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST OF ZHEJIANG BIOHEART

To the Directors of Shanghai Bio-heart Biological Technology Co., Ltd.

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated December 25, 2024 prepared by China United Assets Appraisal Group (Zhejiang) Co., Ltd. (“中聯資產評估集團(浙江)有限公司”) in respect of the appraised value of equity interest of Zhejiang Bioheart Medical Equipment Co., Ltd. (“浙江百心安醫療器械有限公司”) (the “**Target**”) as at November 30, 2024 is based. The valuation is set out in the announcement of Shanghai Bio-heart Biological Technology Co., Ltd. (the “**Company**”) dated January 2, 2025 (the “**Announcement**”) in connection with the deemed disposal of equity interest in the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out on page 2 of the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young

Certified Public Accountants

Hong Kong

January 2, 2025

APPENDIX III LETTER FROM THE COMPANY'S BOARD RELATING TO THE PROFIT FORECAST

January 2, 2025

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir/Madam,

Major Transaction relating to the Deemed Disposal of Zhejiang Bioheart

We refer to the announcement published by Shanghai Bio-heart Biological Technology Co., Ltd. (the “**Company**”) on January 2, 2025 in relation to the investment agreement entered into by the Company, Zhejiang Bioheart and the Investor (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation of the entire equity interest of Zhejiang Bioheart as of November 30, 2024 prepared by the Independent Valuer (the “**Valuation**”). The Valuation is based on the discounted future estimated cash flows and is therefore regarded as a profit forecast under Rule 14.61 of the Listing Rules.

We have reviewed the profit forecast upon which the Valuation has been made and considered the basis and assumptions upon which the profit forecast has been made. We have also considered the letter dated January 2, 2025 addressed to the Board from Ernst & Young regarding its opinion on the discounted future estimated cash flows of the Valuation is based which, so far as the calculations are concerned, have been properly complied in accordance with the basis and assumptions determined by the Directors in the Valuation.

On the basis of the foregoing, we hereby confirmed that the profit forecast has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board of Directors
Philip Li WANG
Chairman and executive director

The following is the text of the Valuation Report prepared for the purpose of incorporation in this circular received from the Independent Valuer, in connection with its valuation as of November 30, 2024 on the 100% of share capital of Zhejiang Bioheart. The Valuation Report is written in Chinese with no official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

The appraisal project of the value of all shareholders' equity involved in the proposed introduction of investors by Zhejiang Bioheart Medical Equipment Co., Ltd

Asset valuation report

Zhe Lian Ping Bao Zi [2024] No. 671

Zhejiang Bioheart Medical Equipment Co., Ltd.:

China United Assets Appraisal Group (Zhejiang) Co., Ltd. has accepted your entrustment to appraise the economic behavior of Zhejiang Bioheart Medical Equipment Co., Ltd.'s proposed introduction of investors and the market value of all the shareholders' equity involved on the benchmark date of November 30, 2024 in accordance with the relevant laws and regulations and the asset appraisal standards, the asset based approach and the income approach, and the necessary appraisal procedures. The asset appraisal report is as follows:

1. PRINCIPAL AND OTHER USERS OF THE EVALUATION REPORT

Both the client and the evaluated unit of this asset appraisal are Zhejiang Bioheart Medical Equipment Co., Ltd.

(1) Overview of the client and the evaluated unit

Name	Zhejiang Bioheart Medical Equipment Co., Ltd
Type	Limited Liability Company (Sole Proprietorship of Non natural Person Investment or Control)
Address	101-13, Building 1, No. 677 Shunze Road, Daqiao Town, Nanhu District, Jiaxing City, Zhejiang Province
Legal representative	Philip Li Wang
Registered capital	45.7 million RMB
Date of establishment	October 15, 2024
Business term	From October 15, 2024 to an indefinite period

Unified Social Credit Code 91330402MAE11XYW78

Business scope Processing of mechanical parts and components; General equipment manufacturing (excluding special equipment manufacturing); Specialized equipment manufacturing (excluding licensed specialized equipment manufacturing); Technical services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion; Medical research and experimental development (excluding human stem cells, gene diagnosis and treatment technology development and application); Import and export of goods; Technology import and export; Electronic product sales; Sales agency (except for projects that require approval according to law, conducting business activities independently based on the business license in accordance with the law).

1. *Historical evolution*

In October 2024, Zhejiang Bioheart Medical Equipment Co., Ltd. was established by Shanghai BSA Biotechnology Co., Ltd. The equity structure at the time of establishment is as follows:

Serial number	Shareholder Name	Subscribed capital (RMB10000)	Subscription ratio (%)	Paid in capital (RMB10000)	Actual payment ratio (%)
1	Shanghai Bioheart Biotechnology Co., Ltd	4,570.00	100.00	4,570.00	100.00
	total	4,570.00	100.00	4,570.00	100.00

As of the benchmark date of November 30, 2024, there was no change in the shareholders and equity structure of Zhejiang Bioheart Medical Equipment Co., Ltd.

2. *Assets and financial condition*

As of the benchmark date of November 30, 2024, according to the financial statements on the benchmark date of Zhejiang Bioheart Medical Equipment Co., Ltd., the total assets of the company are 45.3392 million yuan, the liabilities are -0.0934 million yuan, and the total owner's equity is 45.4326 million yuan. From January to November 2024, the operating revenue was zero yuan and the net profit was -267400 yuan. The assets, liabilities, and financial status of the company as of the evaluation reference date are shown in the following table:

Assets, liabilities, and financial condition of the company

Unit: 10000 yuan

project	November 30, 2024
total assets	4,533.92
Total liabilities	-9.34
Net assets	4,543.26
project	January-November 2024
income	—
Total profit	-26.74
Net profit	-26.74
project	January-November 2024
Net cash flows from operating activities	-36.08
Net cash flows generated from investment activities	-1,180
Net cash flows generated from financing activities	4,570.00
Cash flow balance	3,353.92
Audit institution	Unaudited
Type of audit opinion	Unaudited

3. *Introduction to Business Situation*

Zhejiang Bioheart Medical Equipment Co., Ltd. was established on October 15, 2024 as the production and sales base of the parent company Shanghai Bioheart Biotechnology Co., Ltd. in Jiaxing, Zhejiang Province.

The Entrusted Production and Sales Agreement signed by and between Zhejiang Bioheart Medical Equipment Co., Ltd. and Shanghai Bioheart Biotechnology Co., Ltd. (BRS), its subsidiary Angiocare Medical Technology Co., Ltd. (RDN) and Shanghai Xinzhi Medical Technology Co., Ltd. (DCB) stipulates that Zhejiang Bioheart Medical Equipment Co., Ltd. is contracted to produce and sell BRS, RDN and DCB. As of the benchmark date of the appraisal, none of the above products has been commercialized on the market. The main products are introduced as follows:

Serial number	Main products and introductions to be entrusted for production and sales	Partner
1	Bioresorbable scaffold (BRS) is an innovative technology in percutaneous coronary intervention (PCI) for the treatment of coronary artery disease, which improves the side effects of current mainstream drug-eluting stents (DES) that have lifelong implants and require lifelong use of anticoagulant drugs, accompanied by an increasing incidence of lifelong adverse events.	Shanghai Bioheart Biotechnology Co., Ltd
2	Renal Denervation (RDN) is the world's first revolutionary minimally invasive intervention therapy for hypertension. It mainly uses energy such as radiofrequency and ultrasound to ablate the renal artery afferent and efferent nerves, thereby reducing sympathetic nervous system excitability in hypertensive patients and achieving long-term stable blood pressure reduction in a minimally invasive surgery.	Shanghai Angiocare Medical Technology Co., Ltd
3	Drug coated balloons (DCB) include paclitaxel coated balloons and rapamycin coated balloons. Rapamycin coated balloons are the next generation of safer and more effective drug coated balloons.	Shanghai Xinzhi Medical Technology Co., Ltd

(2) The relationship between the client and the evaluated unit

Both the client and the evaluated unit of this asset appraisal are Zhejiang Bioheart Medical Equipment Co., Ltd.

(3) The client and other users of the appraisal report as stipulated in the asset appraisal commission contract

The user of this evaluation report is the principal. Unless otherwise stipulated by national laws and regulations, any institution or individual who has not been confirmed by the evaluation institution and the principal cannot become a user of the evaluation report due to receiving it.

2. PURPOSE OF EVALUATION

According to the minutes of the meeting of Zhejiang Bioheart Medical Equipment Co., Ltd., Zhejiang Bioheart Medical Equipment Co., Ltd. intends to introduce investors. It is necessary to understand the market value of all the shareholders' equity of Zhejiang Bioheart Medical Equipment Co., Ltd. on the benchmark date of November 30, 2024.

The purpose of this asset appraisal is to reflect the market value of all the shareholders' equity of Zhejiang Bioheart Medical Equipment Co., Ltd. on the base date of appraisal, and provide value reference for the above economic activities.

3. ASSESSMENT OBJECT AND SCOPE

The appraisal object is the total shareholders' equity of Zhejiang Bioheart Medical Equipment Co., Ltd. The appraisal scope covers all the assets and related liabilities of Zhejiang Bioheart Medical Equipment Co., Ltd. on the base date of appraisal.

As of the benchmark date of November 30, 2024, according to the financial statements on the benchmark date of Zhejiang Bioheart Medical Equipment Co., Ltd., the total assets of the company are 45.3392 million yuan, the liabilities are -0.0934 million yuan, and the total net assets are 45.4326 million yuan, including 33.5392 million yuan of current assets and 11.80 million yuan of non current assets; Current liabilities are -0.0934 million yuan, and non current liabilities are 0 yuan.

The above asset and liability data are extracted from the unaudited financial statements of Zhejiang Bioheart Medical Equipment Co., Ltd. on the base date.

The entrusted evaluation object and scope are consistent with the evaluation object and scope involved in economic activities.

(1) Main assets for appraisal

The assets within the scope of this evaluation include monetary funds, prepayments, and intangible assets. Monetary funds are bank deposits; Prepaid accounts refer to prepaid decoration expenses; Intangible assets – a total of 7 items, including 7 patents recorded on the books, including 2 inventions and 5 utility models.

(2) The book records or unrecorded intangible assets declared by the enterprise

As of the benchmark date of November 30, 2024, the intangible assets within the appraisal scope declared by Zhejiang Bioheart Medical Equipment Co., Ltd. include 7 patents recorded in the book, including 2 inventions and 5 utility models, which were acquired from Shanghai BXA Biotechnology Co., Ltd. The specific situation of intangible assets is shown in the table below:

List of Patent Technology Assets

Serial number	Content or Name	Date of acquisition	Statutory Term	Patent number or registration number	Type/Category	Acquisition method
1	A luminal stent	2015/02	10	201420568441.7	utility model	Outsourcing
2	A type of vascular stent	2015/02	10	201420615079.4	utility model	Outsourcing
3	An absorbable luminal stent	2015/06	10	201420830686.2	utility model	Outsourcing
4	A pressure grip structure for a vascular stent	2015/06	10	201420870942	utility model	Outsourcing
5	A device for compressing and developing dots	2018/01	20	201510450302.3	invention	Outsourcing
6	A spray lining structure for assisting absorbable stents in drug spraying	2015/12	10	201520611675.X	utility model	Outsourcing
7	An inner lining device and method for assisting absorbable stents in drug spraying	2018/12	20	201610825165.1	invention	Outsourcing

Among them, the patents of “a lumen stent (patent number: 201420568441.7)” and “a type of vascular stent (patent number: 201420615079.4)” have expired. On the purchase date, the signing of the asset transfer confirmation letter has been completed and the transfer of technical data and patent use experience has been completed. The patent holder is actually Zhejiang Bioheart Medical Equipment Co., Ltd.

(3) Types and quantities of off balance sheet assets declared by enterprises

As of the evaluation benchmark date, the evaluated enterprises within the scope of this evaluation have declared no other off balance sheet assets except for the intangible assets mentioned above.

(4) The types, quantities, and carrying amounts of assets involved in the conclusions drawn from reports issued by other institutions

This appraisal report is independently completed by China United Assets Appraisal Group (Zhejiang) Co., Ltd.

4. VALUE TYPE

Based on the purpose of this evaluation, the value type for this evaluation is determined to be market value.

Market value refers to the estimated amount of value of the evaluated object in a normal and fair transaction conducted by voluntary buyers and voluntary sellers on the benchmark date, acting rationally and without any coercion.

5. EVALUATION BENCHMARK DATE

The benchmark date for this project evaluation is November 30, 2024.

The client Zhejiang Bioheart Medical Equipment Co., Ltd. has drawn up a timetable for the plan of introducing investors. In order to accelerate the progress of this work, while considering the need for the evaluation benchmark date to be as close as possible to the achievement date of the evaluation purpose and the actual possibility of completing the evaluation work, the client has determined the evaluation benchmark date to be November 30, 2024.

6. EVALUATION BASIS

The evaluation criteria followed in this asset appraisal mainly include economic behavior basis, legal and regulatory basis, evaluation criteria basis, asset ownership basis, as well as the valuation basis and other reference materials used in the evaluation and estimation, as follows:

(1) Basis for Economic Behavior

Minutes of Meeting of Zhejiang Bioheart Medical Equipment Co., Ltd.

(2) Legal and regulatory basis

- 1 Company Law of the People's Republic of China (revised for the second time at the seventh meeting of the Standing Committee of the 14th National People's Congress on December 29, 2023);
- 2 Civil Code of the People's Republic of China (adopted at the third session of the 13th National People's Congress on May 28, 2020, and implemented on January 1, 2021);

- 3 Assets Appraisal Law of the People's Republic of China (adopted at the 21st Meeting of the Standing Committee of the Twelfth National People's Congress of the People's Republic of China on July 2, 2016 and implemented as of December 1, 2016);
- 4 Enterprise Income Tax Law of the People's Republic of China (revised at the 7th meeting of the Standing Committee of the 13th National People's Congress on December 29, 2018);
- 5 Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (State Council Decree No. 714, April 23, 2019);
- 6 Patent Law of the People's Republic of China (revised for the fourth time at the 22nd meeting of the Standing Committee of the 13th National People's Congress on October 17, 2020);
- 7 Notice of the Ministry of Finance and the State Administration of Taxation on Fully Promoting the Pilot Program of Replacing Business Tax with Value Added Tax (Caishui [2016] No. 36);
- 8 Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting the Value Added Tax Rate (Caishui [2018] No. 32);
- 9 Announcement on Relevant Policies for Deepening Value Added Tax Reform (Announcement No. 39 of 2019 by the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs);
- 10 Other relevant laws, regulations, and rules.

(3) Basis for evaluation criteria

- 1 Basic Principles for Asset Appraisal (Caizi (2017) No. 43);
- 2 Code of Professional Ethics for Asset Appraisal (Zhongpingxie [2017] No. 30);
- 3 Asset Appraisal Practice Standards – Asset Appraisal Methods (Zhongpingxie [2019] No. 35);
- 4 Asset Appraisal Practice Standards – Asset Appraisal Entrustment Contract (Zhongpingxie [2017] No. 33);
- 5 Asset Appraisal Practice Standards – Asset Appraisal Report (Zhongpingxie [2018] No. 35);
- 6 Asset Appraisal Practice Standards – Asset Appraisal Procedures (Zhongpingxie [2018] No. 36);

- 7 Asset Appraisal Practice Standards – Asset Appraisal Archives (Zhongpingxie [2018] No. 37);
- 8 Asset Appraisal Practice Standards – Enterprise Value (Zhongpingxie [2018] No. 38);
- 9 Asset Appraisal Practice Standards – Intangible Assets (Zhongpingxie [2017] No. 37);
- 10 Asset Appraisal Practice Standards – Intellectual Property (Zhongpingxie [2023] No. 14);
- 11 Asset Appraisal Practice Standards – Utilizing Expert Work and Related Reports (Zhongpingxie [2017] No. 35);
- 12 Guidelines for Business Quality Control of Asset Appraisal Institutions (Zhongpingxie [2017] No. 46);
- 13 Guiding Opinions on Asset Valuation Value Types (Zhongpingxie [2017] No. 47);
- 14 Guiding Opinions on the Legal Ownership of Asset Appraisal Objects (Zhongpingxie [2017] No. 48);
- 15 Guiding Opinions on Patent Asset Evaluation (Zhongpingxie [2017] No. 49).

(4) Basis of asset ownership

- 1 Patent certificate;
- 2 All contracts related to the acquisition of the assets to be appraised;
- 3 Other reference materials.

(5) Pricing Basis

- 1 The future income forecast materials provided by the principal and other relevant parties in accordance with the law mainly include the main income forecast table, main cost forecast table, period expense forecast table, business tax and surcharge forecast table, capital investment budget table, personnel investment forecast table, etc;
- 2 The Entrusted Production and Sales Agreement signed between Zhejiang Bioheart Medical Equipment Co., Ltd. and Shanghai Bioheart Biotechnology Co., Ltd. (BRS) and its subsidiaries, Shanghai Angiocare Medical Technology Co., Ltd. (RDN) and Shanghai Xinzhi Medical Technology Co., Ltd. (DCB);

- 3 The loan prime rate published by the National Interbank Funding Center (NIFC) authorized by the People's Bank of China on November 20, 2024;
- 4 Notice on Fully Promoting the Pilot Program of Replacing Business Tax with Value Added Tax (Caishui [2016] No. 36);
- 5 Announcement on Relevant Policies for Deepening Value Added Tax Reform (Announcement No. 39 of 2019 by the Ministry of Finance, State Administration of Taxation, and General Administration of Customs);
- 6 Data related to the price information database of China United Assets Appraisal Group (Zhejiang) Co., Ltd;
- 7 Other reference materials.

(6) Other reference materials

- 1 Handbook of Common Methods and Parameters for Asset Appraisal (published by Machinery Industry Press in 2011);
- 2 Tonghuashun iFinD Financial Data Terminal;
- 3 Enterprise Accounting Standards – Basic Standards (Order No. 33 of the Ministry of Finance);
- 4 Enterprise Accounting Standards – Application Guidelines (Finance and Accounting [2006] No. 18);
- 5 Other reference materials.

7. EVALUATION METHOD

(1) Selection of evaluation methods

According to the asset valuation standards, enterprise valuation can be conducted using three methods: income approach, market approach, and asset based approach. The income approach is the quantification and present value of the expected profitability of an enterprise's overall assets, emphasizing the overall expected profitability of the enterprise. The market approach evaluates the current fair market value of valuation objects based on reference materials in the real market. It has the characteristics of directly obtaining valuation data from the market and having strong persuasive valuation results. The asset based approach refers to the idea of determining the value of the evaluated unit based on a reasonable evaluation of the value of various assets and liabilities of the enterprise.

Based on the fact that the medical device registration certificate approval for the products that the evaluated unit intends to be contracted to produce and sell is in the later stage of approval or has completed clinical trials, the certainty of approval for the above-mentioned products is relatively high compared to early products, and they are about to enter the commercialization stage. Considering the clear business plan of the evaluated enterprise in the future and the plan to provide reasonable production capacity and output, the market capacity and market share of the products to be sold can be reasonably judged through market research. The approval time for some future years has been verified and compared with the approval time of similar products, and the approval time can be reasonably predicted. The expected future cash flow of the enterprise is relatively stable and predictable. The income method can reasonably reflect the excess income and corresponding equity value brought by this part of the contract. The income and risk of future years can be estimated relatively reliably, Therefore, the income approach was chosen for this evaluation.

The market approach evaluates the current fair market price of the valuation object based on reference materials in the real market. The products to be produced by the evaluated unit include Bioresorbable scaffold (BRS), renal denervation (RDN), and drug coated balloons (DCB). The listed or comparable companies involved in the production and sales of similar products have multiple business segments, making it difficult to obtain financial information for a single product. At the same time, there are differences in market environments, so the market approach is not suitable for evaluation.

The asset based method determines the value of the evaluated unit based on the evaluation of the value of various assets and liabilities of the enterprise, and can be used for evaluation.

In summary, based on the characteristics of this project, the evaluators adopted the income approach and asset based approach to conduct an overall evaluation of the evaluated unit.

(2) Introduction to Asset Based Law

The asset based approach is a method of determining the overall asset value based on the investment required to rebuild an enterprise or independent profit-making entity that is the same as the evaluated object on the evaluation reference date. Specifically, it refers to the method of adding up the evaluation values of various element assets that make up the enterprise and subtracting the evaluation values of liabilities to obtain the enterprise value.

1. *Methods for evaluating current assets*

(1) *Monetary funds – bank deposits*

Obtain statements of all bank deposit accounts for bank deposits, and review bank confirmation letters to verify the authenticity of bank deposits. At the same time, check for any unrecorded bank deposits, verify the authenticity of outstanding balances in the “Bank Deposit Balance Adjustment Table”, and evaluate the inflow situation after the benchmark date. For RMB deposits, the assessed value is determined based on the verified book value.

(2) *Prepaid accounts*

For the evaluation of prepaid accounts, the evaluators reviewed relevant agreements and learned about the services received between the evaluation benchmark date and the evaluation site operation date. No bankruptcy, revocation or inability to provide labor services on time as stipulated in the contract was found in the relevant units, so the verified book value is used as the evaluation value.

2. *Evaluation method of construction in progress*

The project under construction is the decoration project of the leased plant, and the decoration preparation is under way on the base date. In order to avoid double valuation and omission of asset value, combined with the characteristics of the project under construction, according to the type and specific situation of the project under construction, the book value is taken as the evaluation value after the amount of the project under construction is verified by the account and the actual situation.

3. *Valuation methods for intangible assets*

Shanghai Bioheart Biotechnology Co., Ltd. transferred the patents to Zhejiang Bioheart Medical Equipment Co., Ltd. on September 30, 2024 as the benchmark date. The transfer price is confirmed according to the appraisal value. Considering that the benchmark date is close to the benchmark date of patent transfer, and there is no major business change in the products involved in the patent during the period, the transfer price on the purchase date is taken as the appraisal value this time.

4. *Valuation method for debt assets*

Verify the actual debtor and liability amount of each liability after the achievement of the evaluation purpose, and determine the evaluation value based on the actual liability items and amounts that the property owner needs to bear after the achievement of the evaluation purpose.

(3) **Introduction to the Income Approach Evaluation Method**

1. *Overview*

According to relevant national regulations and the Asset Appraisal Practice Standards – Enterprise Value, the discounted cash flow method (DCF) is used to calculate the total equity value of the evaluated unit's shareholders in this appraisal.

The discounted cash flow method (DCF) is a method of estimating the value of a company by converting its expected future cash flows into present value. It involves estimating the company's expected future cash flows and using an appropriate discount rate

to convert them into present value, resulting in the company's value. The basic conditions for its application are: the enterprise has the foundation and conditions for continuous operation, there is a relatively stable correspondence between operation and income, and future income and risk can be predicted and quantified. The key to using the discounted cash flow method lies in predicting future expected cash flows, as well as the objectivity and reliability of data collection and processing. When the prediction of future expected cash flows is objective and fair, and the selection of discount rates is reasonable, the valuation results have good objectivity and are easily accepted by the market.

2. *Assessment Approach*

Based on the due diligence results of this evaluation and the asset composition and main business characteristics of the enterprise, the basic idea of this evaluation is to estimate the total equity value (net assets) of its shareholders based on the unaudited financial statements of the enterprise on the benchmark date. Firstly, the discounted cash flow method (DCF) is used to estimate the value of the enterprise's operating assets, and then the value of other non operating and surplus assets on the benchmark date is added to obtain the enterprise value. After deducting the value of interest bearing debts from the enterprise value, the total equity value (net assets) of the enterprise's shareholders is obtained.

3. *Evaluation Model*

(1) *Basic Model*

The basic model for this evaluation is:

$$E = B - D \quad (1)$$

In the formula:

E: Evaluate the total equity value of the subject's shareholders;

B: Assess the enterprise value of the evaluated object;

$$B = P + \sum C_i \quad (2)$$

P: Assess the operational asset value of the evaluated object;

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_n}{r(1+r)^n} \quad (3)$$

In the formula:

R_i: Evaluate the expected return (free cash flow) of the object for the i-th year in the future;

R_n: Evaluate the expected return (free cash flow) of the object over its perpetuity period;

r: Discount rate;

n: Evaluate the future operating period of the object;

$\sum C_i$: The value of other non operating or surplus assets existing on the benchmark date of the evaluated object.

$$\sum C_i = C_1 + C_2 \quad (4)$$

In the formula:

C₁: Value of cash assets (liabilities) on the reference date;

C₂: Value of other non operating or surplus assets;

D: Evaluate the long-term interest bearing debt value of the subject;

(2) *Revenue indicators*

In this evaluation, the free cash flow of the enterprise is used as the income indicator of the operating assets, which is basically defined as:

$R = \text{net profit} + \text{depreciation and amortization} + \text{long-term interest bearing debt interest after tax deduction} - \text{additional capital} \quad (5)$

In the formula:

Additional capital = asset renewal investment + increase in working capital (6)

Estimate the expected future free cash flow of the evaluated object based on its operating history and future market development. Discounting and adding up the free cash flows during the future operating period to calculate the value of the company's operating assets.

(3) *Discount rate*

This evaluation uses the Capital Asset Weighted Average Cost Model (WACC) to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (7)$$

In the formula:

W_d : Evaluate the long-term debt ratio of the subject;

$$w_d = \frac{D}{(E+D)} \quad (8)$$

W_e : The equity capital ratio of the evaluated object;

$$w_e = \frac{E}{(E+D)} \quad (9)$$

R_E : Cost of equity capital, determined by the Capital Asset Pricing Model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (10)$$

In the formula:

R_F : Risk free rate of return;

R_M : Market expected rate of return;

ε : Evaluate the characteristic risk adjustment coefficient of the object;

β_e : The expected market risk coefficient of the equity capital of the evaluated object;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (11)$$

β_u : The expected leverage free market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_i}{1 + (1-t) \times \frac{D_i}{E_i}} \quad (12)$$

β_t : The expected market average risk coefficient of comparable company stocks (assets);

$$\beta_t = 34\% K + 66\% \beta_x \quad (13)$$

In the formula:

K: The average risk value of the stock market during a certain period, usually assuming K=1;

β_x : Historical market average risk coefficient of comparable company stocks (assets);

$$\beta_x = \frac{Cov(R_x; R_p)}{\sigma_p} \quad (14)$$

In the formula:

$Cov(R_x, R_p)$: Covariance between the returns of sample stocks and the returns of stock market portfolios over a certain period of time;

σ_p : The variance of the stock market portfolio return over a certain period of time.

8. EVALUATE THE IMPLEMENTATION PROCESS AND SITUATION OF THE PROGRAM

The entire evaluation work is divided into the following stages:

1 Assessment Preparation Stage

- 1 The client convened a coordination meeting among the various intermediaries of this project, and the relevant parties reached a consensus on the purpose, benchmark date, scope, and other issues of this evaluation, and formulated a work plan for this asset evaluation.
- 2 Cooperate with enterprises to conduct asset inventory, fill out asset evaluation declaration details, and other related work. The members of the evaluation project team have conducted a detailed understanding of the assets to be appraised, arranged asset appraisal work, assisted the enterprise in the declaration of the assets to be appraised, and collected the necessary documents and materials for asset appraisal.

2 On site evaluation stage

The main tasks of the on-site evaluation phase of the project team are as follows:

1. Listen to the introduction of the overall situation of the enterprise and the history and current status of the assets being evaluated by the client and relevant personnel of the evaluated unit, and understand the financial system, operating conditions, intangible asset technology status, and other information of the enterprise.
2. Review and identify the asset inventory and evaluation declaration details provided by the enterprise, and verify them with relevant financial record data of the enterprise. Coordinate with the enterprise to make adjustments to any problems found.
3. Review and collect property ownership certificates for the assets being appraised.
4. Determine the specific evaluation methods for various types of assets based on their actual condition and characteristics.
5. Verify the ownership information provided by the enterprise.
6. Conduct preliminary assessment and calculation of assets and liabilities within the scope of evaluation based on inventory verification.
7. Based on the profit forecast data declared by the enterprise, query the main business and gross profit situation of enterprises in the same industry and field. Through due diligence and executive interviews, understand the industry position and market share of the enterprise's products, understand the cost and expense situation of the enterprise, and analyze the future development trend of the enterprise.

3 Evaluation and Summary Stage

Analyze and summarize the preliminary results of various asset evaluations and liability audits, and make necessary adjustments, modifications, and improvements to the evaluation results.

4 Report submission stage

On the basis of the above work, draft a preliminary asset appraisal report, exchange opinions with the client on the appraisal results after preliminary review, independently analyze relevant opinions, revise and adjust according to the internal asset appraisal report review system and procedures of the appraisal institution, and finally issue a formal asset appraisal report.

5 Organizing and Collecting Stage

Organize and collect the archives during the implementation of the evaluation program.

9. EVALUATE ASSUMPTIONS

In this evaluation, the evaluators followed the following evaluation assumptions:

(1) General assumption

1. *Trading assumptions*

The trading assumption assumes that all assets to be evaluated are already in the process of trading, and the appraiser evaluates them based on simulated market conditions such as the trading conditions of the assets to be evaluated. The trading assumption is the most fundamental prerequisite for conducting asset valuation.

2. *Open market assumption*

The open market assumption assumes that assets traded or intended to be traded in the market are of equal status to each other, and both parties have the opportunity and time to obtain sufficient market information in order to make rational judgments about the functions, uses, and trading prices of the assets. The open market assumption is based on assets being publicly traded in the market.

3. *Assumption of continuous operation of the enterprise*

The assumption of continuous operation of the enterprise refers to the assumption that the evaluated unit's business activities will continue in the foreseeable future, and there is no intention or need to terminate the operation or bankruptcy liquidation. It can realize assets and settle debts in the normal process of operation.

(2) Special assumptions

1. This evaluation assumes that the external economic environment remains unchanged on the benchmark date, and there are no significant changes in the current macroeconomic situation of the country;
2. There are no significant changes in the social and economic environment in which the enterprise operates, as well as the tax and tax rate policies implemented;
3. The future management team of the enterprise shall fulfill their duties, and the future management of the enterprise shall be able to operate according to the predicted management mode on the evaluation benchmark date;
4. This evaluation assumes that the basic and financial information provided by the client and the evaluated unit is true, accurate, and complete;

5. The scope of evaluation is only based on the evaluation declaration form provided by the client and the evaluated unit, and does not take into account any potential assets and liabilities that may exist outside the list provided by the client and the evaluated unit;
6. This evaluation is based on the production and operation capacity of the evaluated unit on the benchmark date and the newly added production and operation capacity corresponding to the expansion plan determined on the benchmark date. It is assumed that the expansion plan made by the enterprise management is basically consistent with the future market demand trend, and the estimated funds required for expansion are basically accurate and can be obtained in a timely and sufficient manner;
7. Assuming that the cash inflow of the evaluated unit after the benchmark date is the average inflow, and the cash outflow is the average outflow;
8. According to the future profit forecast plan, there will be a cash flow gap in the evaluated object in the future years. It is assumed that in the event of a cash flow gap in the evaluated unit in the future years, the evaluated unit can timely supplement it through shareholders and loans;
9. According to the Announcement on Further Improving the Pre tax Additional Deduction Policy for R&D Expenses (Announcement No. 13 of 2021 by the Ministry of Finance and the State Administration of Taxation), if the R&D expenses actually incurred by manufacturing enterprises during R&D activities do not form intangible assets and are not included in the current period's profit and loss, on the basis of actual deduction according to regulations, an additional deduction of 100% of the actual amount shall be made before tax from January 1, 2021. As of the date of issuance of the report, the Ministry of Finance and the State Administration of Taxation jointly issued the Announcement on Further Improving the Pre tax Deduction Policy for R&D Expenses (Announcement No. 7 of 2023 of the Ministry of Finance and the State Administration of Taxation). For R&D expenses actually incurred by manufacturing enterprises in their R&D activities that have not formed intangible assets and are not included in the current period's profit and loss, on the basis of actual deduction according to regulations, from January 1, 2023, an additional deduction of 100% of the actual amount will be made before tax. This evaluation assumes that the policy can be sustained;

10. The BRS, RDN, and other innovative medical device products that the evaluated unit intends to be contracted for production and commercialization can be approved according to the expected approval time of the client's management. This evaluation assumes the clinical application, coverage by the medical insurance, and centralized procurement stage can proceed smoothly according to the management's expected timeline.

When the above conditions change, the evaluation results generally become invalid.

10. EVALUATION CONCLUSION

According to the relevant laws, regulations, rules, and evaluation criteria of the country on asset evaluation, and based on the principles of independence, impartiality, science, and objectivity, we have fulfilled the statutory and necessary procedures for asset evaluation, adopted recognized evaluation methods, and implemented evaluation procedures such as inventory verification, on-site investigation, market research and inquiry, and evaluation estimation. The following conclusions have been drawn:

(1) Asset based valuation results

By adopting the asset based approach, the appraisal conclusion of the relevant assets and liabilities of Zhejiang Bioheart Medical Equipment Co., Ltd. on the benchmark date of November 30, 2024 is drawn:

The book value of total assets is 45.3392 million yuan, with an assessed value of 45.3392 million yuan and no assessed increase or decrease.

The book value of liabilities is -0.0934 million yuan, with an assessed value of -0.0934 million yuan and no assessed increase or decrease.

The book value of net assets is 45.4326 million yuan, with an assessed value of 45.4326 million yuan and no assessed increase or decrease.

Summary Table of Asset Appraisal Results

Amount unit: RMB10000

project		book value	Evaluate value	Increase or decrease in value	Value added rate% E = D/B × 100%
		B	C	D = C – B	
1	current assets	3,353.92	3,353.92	–	–
2	Non current assets	1,180.00	1,180.00	–	–
3	Among them: Long term equity investment	–	–	–	
4	Investment oriented real estate	–	–	–	
5	fixed assets	–	–	–	
6	Construction in progress	800.00	800.00	–	
7	intangible assets	380.00	380.00	–	–
8	Among them: Land use rights	–	–	–	
9	Other non current assets	–	–	–	
10	Total Assets	4,533.92	4,533.92	–	–
11	current liabilities	-9.34	-9.34	–	–
12	Non current liabilities	–	–	–	
13	Total Liabilities	-9.34	-9.34	–	–
14	Net assets (owner's equity)	4,543.26	4,543.26	–	–

The detailed information of the asset based valuation conclusion can be found in the valuation details table.

(2) Results of income approach evaluation

After implementing assessment procedures such as inventory verification, on-site investigation, market research and inquiry, and evaluation estimation, the income method is used to evaluate the total equity value of the company's shareholders. On the benchmark date of November 30, 2024, the book value of all shareholders' equity of Zhejiang Bioheart Medical Equipment Co., Ltd. was 45.4326 million yuan, the assessed value was 187.73 million yuan, the assessed value added was 142.2974 million yuan, and the value-added rate was 313.21%.

(3) Analysis of Differences in Evaluation Results and Selection of Final Results

The assessed value of the evaluated unit using the income method is 187.73 million yuan, which is 142.2974 million yuan higher than the asset based method's assessed value of 45.4326 million yuan, with a difference rate of 313.21%. The main reason for the difference between the two evaluation methods is:

- (1) Asset based valuation is based on the cost reset of assets as the value standard, reflecting the socially necessary labor consumed by asset investment (acquisition and construction costs), which usually change with the changes in the national economy;
- (2) The income approach evaluation is based on the expected return of assets as the value standard, reflecting the size of the asset's operating ability (profitability), which is usually influenced by various conditions such as macroeconomic, government control, and effective use of assets.

Asset based valuation is based on the cost reset of assets as the value standard, reflecting the socially necessary labor consumed by asset investment (acquisition and construction costs); The income approach evaluation is based on the expected return of assets as the value standard, reflecting the size of the asset's operating ability (profitability), which is usually influenced by various conditions such as macroeconomic and government control.

Usually, companies need to pay upfront and milestone when obtaining the commercialization rights of medical devices. After the product is launched, different proportions of sales revenue sharing will be agreed upon. Zhejiang Bioheart has obtained the production entrustment and commercialization rights and interests of the above innovative medical devices and will pay a certain proportion of sales share to relevant partners after commercialization. It can be considered that the upfront and milestone are the excess earnings of Zhejiang Bioheart's entrusted production and commercialization of BRS, RDN, DCB and other products.

Therefore, the asset based valuation cannot be used to reflect the excess income brought by the Entrusted Production and Sales Agreement signed between Zhejiang Bioheart and Shanghai Bioheart Biotechnology Co., Ltd. (BRS) and its subsidiaries, Shanghai Angiocare Medical Technology Co., Ltd. (RDN), and Shanghai Xinzhi Medical Technology Co., Ltd. (DCB). Based on the clear business plan of the evaluated enterprise in the future and the provision of reasonable production capacity and output plans, the market capacity and market share of the products to be sold can be reasonably judged through market research. The approval time for some future years has been verified and compared with the approval time for similar products, and the approval time can be reasonably predicted. The income approach can reasonably reflect the excess returns brought by this part of the contract.

Therefore, the evaluation result of income method is the value reference basis of Zhejiang Bioheart Medical Equipment Co., Ltd., and it is concluded that the value of all shareholders' equity of the evaluated unit on the base date of evaluation is 187.73 million yuan.

11. SPECIAL INSTRUCTIONS

(1) Defects in Property Rights

As of the evaluation benchmark date, the evaluation unit has not found any defects in property rights.

(2) Uncertainties such as unresolved matters and legal disputes

As of the evaluation benchmark date, the evaluated unit has not found any uncertain factors such as pending litigation or legal disputes.

(3) The nature, amount, and corresponding asset liability situation of collateral (pledge) and its contingent liabilities, contingent assets

As of the evaluation benchmark date, the evaluated unit has not found any collateral or contingent liabilities or assets.

(4) Lease matters

As of the evaluation reference date, the leasing matters of the evaluated unit are as follows:

Serial number	lessor	lessee	Rental property
1	Jiake Innovation and Entrepreneurship Industrial Park (Jiaxing) Co., Ltd	Zhejiang Bioheart Medical Equipment Co., Ltd.	Floors 1-3, Building 3, Biomedical Innovation Center, No. 408 Oujia Road, Nanhu District, Jiaxing City

This evaluation assumes that the evaluated unit can continue to operate under the existing leasing conditions, assuming that the current leasing situation remains unchanged.

(5) Utilize expert work and related reports

This appraisal report was independently completed by China United Assets Appraisal Group (Zhejiang) Co., Ltd.

(6) Major post period events

Post evaluation events refer to significant events that occur after the evaluation benchmark date and before the issuance of the evaluation report. As of the reporting date, the evaluated unit has no significant post period events.

(7) Other matters that need to be explained

1. As of the issuing date of the report, the products to be contracted for production and commercialization by Zhejiang Bioheart have not been approved and cannot be sold on the market. In the early stage of sales, due to factors such as market development and continuous R&D investment, large amount of investment needs to be continuously added. According to the future profit forecast plan, it is expected that Zhejiang Bioheart Company will need to operate for a long time to achieve profitability, and a large amount of capital needs to be supplemented during the continuous investment. In the future years, there will be a cash flow gap in the assessment object. This time, it is assumed that the assessed entity can timely supplement the cash flow gap in the future years by means of shareholders and loans, and the report user is reminded.
2. This evaluation assumes that the future can be planned according to the management of the enterprise, and the expected time for various product candidates are similar to the average market time for similar products. The sales time and the entry into the medical insurance and centralized procurement stages can be smoothly carried out according to the management's expected time. If the future approval progress requirements and sales situation differ from the management's expectations or deviate from the market average expectations, the evaluation conclusion should be modified accordingly.
3. The patents of "a lumen stent (patent number: 201420568441.7)" and "a type of vascular stent (patent number: 201420615079.4)" have expired. On the purchase date, the signing of the asset transfer confirmation letter has been completed and the transfer of technical data and patent use experience has been completed. The patent user is actually Zhejiang Bioheart Medical Equipment Co., Ltd.

The Entrusted Production and Sales Agreement signed between Zhejiang Bioheart Medical Equipment Co., Ltd. and Shanghai Bioheart Biotechnology Co., Ltd. (BRS) and its subsidiaries, Shanghai Angiocare Medical Technology Co., Ltd. (RDN) and Shanghai Xinzhi Medical Technology Co., Ltd. (DCB), has considered the use of patents in the subsequent production process, and there is no plan to charge additional royalties.

4. The legal responsibility of appraisers and appraisal institutions is to make professional judgments on the asset value under the appraisal purpose described in this report, and does not involve any judgments made by appraisers and appraisal institutions on the economic behavior corresponding to the appraisal purpose. The evaluation work largely relies on the relevant information provided by the client and the evaluated unit.

Therefore, the evaluation work is based on the authenticity and legality of the relevant economic behavior documents, asset ownership documents, certificates, accounting vouchers, and legal documents provided by the client and the evaluated unit.

5. The profit forecast of the evaluated unit obtained by the evaluation agency is the basis of the income approach in this evaluation report. The appraiser conducted necessary investigation, analysis, and judgment on the profit forecast of the evaluated unit. After multiple discussions with the management and major shareholders of the evaluated unit, the evaluated unit further revised and improved it. The appraisal institution accepted the relevant data of the evaluated unit's profit forecast. The utilization of profit forecasts by evaluation agencies is not a guarantee of the future profitability of the evaluated unit.
6. This evaluation conclusion is based on the accurate judgment of the future macroeconomic and industry development trends by the enterprise, as well as the effective implementation of its business plan. If there are changes in the economic environment and obstacles to industry development in the future, which result in a deviation between the actual operating conditions of the enterprise and its business plan, and if the client and timely management fail to take effective measures to adjust its plan implementation, this evaluation conclusion will become invalid. The client and report users are requested to pay attention to the above matters.
7. The scope of this evaluation and the data, reports, and relevant information provided by the evaluated unit are the responsibility of the client and the evaluated unit for the authenticity and completeness of the information provided.
8. The ownership proof documents and related materials involved in the evaluation report shall be provided by the evaluated unit, and the client and the evaluated unit shall bear legal responsibility for their authenticity and legality.
9. The conclusion of this evaluation is based on the accurate judgment of the property rights holders and their management on the future development trend of the enterprise and the implementation of relevant plans. If the actual operating conditions of the enterprise deviate from the business plan in the future, and the property rights holders and their current management have not taken effective measures to make up for the deviation, the evaluation conclusion will undergo significant changes.
10. If there are changes in the quantity and pricing standards of assets during the validity period after the evaluation benchmark date, the following principles should be followed:
 - (1) When the number of assets changes, the asset amount should be adjusted accordingly according to the original evaluation method;
 - (2) When the asset price standard changes and has a significant impact on the asset evaluation results, the principal should promptly hire a qualified asset evaluation agency to re determine the evaluation value;

- (3) The client should give full consideration to changes in the quantity and price standards of assets after the evaluation benchmark date and make corresponding adjustments when actually valuing the assets;

11. All tables or textual expressions in this report that are expressed in tens of thousands of yuan, if there is a tail difference between the total count and the sum of each sub item value, are caused by rounding. The report users are advised to pay attention.

12. RESTRICTIONS ON THE USE OF ASSET APPRAISAL REPORTS

- (1) This evaluation report can only be used for the evaluation purposes and purposes stated in this report. At the same time, the conclusion of this evaluation reflects the current fair market value determined by the evaluated unit based on the principles of the open market for the purpose of this evaluation. It does not take into account the impact of future mortgage and guarantee matters, as well as the possible additional prices paid by special trading parties on the evaluation price. At the same time, this report also does not consider the impact of changes in national macroeconomic policies and natural and other force majeure on asset prices. When other circumstances such as the current conditions and the principle of continuous operation followed in the evaluation change, the evaluation conclusion generally becomes invalid. The evaluation agency shall not bear any legal responsibility for the invalidation of the evaluation results due to changes in these conditions.
- (2) The prerequisite for the establishment of this evaluation report is that this economic activity complies with relevant national laws and regulations and has been approved by relevant departments.
- (3) This evaluation report can only be used by the users specified in the evaluation report. The right to use the evaluation report belongs to the client, and without the client's permission, this evaluation agency will not disclose it to others at will.
- (4) If the client or other users of the asset appraisal report fail to use the asset appraisal report in accordance with laws, administrative regulations, and the scope of use specified in the asset appraisal report, the asset appraisal institution and its appraisers shall not be held responsible.
- (5) Except for the principal, other users of asset appraisal reports as stipulated in the asset appraisal commission contract, and users of asset appraisal reports as required by laws and administrative regulations, no other institution or individual may become a user of asset appraisal reports.
- (6) Without the consent and review of this evaluation institution, all or part of the content of the evaluation report shall not be excerpted, quoted, or disclosed in public media, except as otherwise provided by laws, regulations, and relevant parties.

- (7) The user of the asset appraisal report should correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the achievable price of the appraisal object, and should not be considered as a guarantee of the achievable price of the appraisal object.
- (8) According to relevant laws and regulations on asset appraisal, asset appraisal reports involving statutory appraisal business must be used by the client after fulfilling the asset appraisal supervision and management procedures in accordance with legal requirements. The evaluation results are valid for one year, from November 30, 2024 to November 29, 2025.

13. ASSET VALUATION REPORT DATE

The asset appraisal report is dated December 25th, 2024

1. 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.

2. DISCLOSURE OF INTERESTS

(a) Directors', Supervisors' and Chief Executive's Interests in Securities

As of the Latest Practicable Date, the interests and short positions of the Directors, the supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests of directors, supervisors and chief executives in the Company:

Name of Director/ Supervisor/ Chief Executive	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company ⁽¹⁾	Approximate Percentage of shareholding in relevant class of shares ⁽¹⁾
Mr. Wang ⁽²⁾	H Shares	Interest in controlled corporation	99,010,085	40.59%	41.91%
	Unlisted Foreign Shares	Beneficial interest	7,713,678	3.16%	100%
Peili WANG ⁽³⁾	H Shares	Interest in controlled corporation	25,402,420	10.41%	10.75%

Notes:

- (1) All interests stated are long position. The percentage is calculated based on the total number of shares of the Company in issue as of the Latest Practice Date (i.e. 236,223,322 H Shares and 7,713,678 Unlisted Foreign Shares).

- (2) Winning Powerful Limited is wholly owned by Mr. Wang. In addition, Mr. Wang is the sole executive partner of Shanghai Baixinantong and a limited partner who contributed more than one-third of the capital of Shanghai Baihate, each of which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Winning Powerful Limited, Shanghai Baixinantong and Shanghai Baihate, in addition to the equity interests he directly owns.
- (3) Ms. Peili Wang is the sole executive partner of Shanghai Baihate, which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Ms. Peili Wang is deemed to be interested in the equity interests held by Shanghai Baihate.

Save as disclosed above and to the best knowledge of the Directors, the Supervisors and chief executive of the Company, as of Latest Practicable Date, none of the Directors, the Supervisors or chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests in Securities

As of Latest Practicable Date, to the best knowledge of the Directors, the following persons (not being a Director, a Supervisor, or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Winning Powerful Limited ⁽²⁾	H Shares	Beneficial interest	45,645,584(L)	18.71%	19.32%
Shanghai Baihate ⁽²⁾	H Shares	Beneficial interest	25,402,420(L)	10.41%	10.75%
Shanghai Baixinantong ⁽³⁾	H Shares	Beneficial interest	27,962,081(L)	11.46%	11.84%
Jay QIN ⁽³⁾	H Shares	Interest in controlled corporation	27,962,081(L)	11.46%	11.84%

APPENDIX V

GENERAL INFORMATION

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) ⁽⁴⁾	H Shares	Beneficial interest	16,717,998(L)	6.85%	7.08%
Xu YANG ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998(L)	6.85%	7.08%
Suzhou Meimingyang Investment Management Co., Ltd. ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998(L)	6.85%	7.08%
Kun YANG ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998(L)	6.85%	7.08%
Shulan ZHONG ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998(L)	6.85%	7.08%
TPG ASIA VII SF PTE. LTD. ⁽⁵⁾	H Shares	Beneficial interest	20,753,025(L)	8.51%	8.79%
TPG Asia VII Finance, Limited Partnership ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG Asia GenPar VII, L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG Asia GenPar VII Advisors, Inc. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG Operating Group III, L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG Operating Group II, L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG Holdings III-A, Inc. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%

APPENDIX V

GENERAL INFORMATION

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
TPG Holdings III-A, L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG Group Holdings (SBS), L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG Group Holdings (SBS) Advisors, LLC ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
TPG GP A, LLC ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Inc. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025(L)	8.51%	8.79%
Magic Grace Limited ⁽⁶⁾	H Shares	Beneficial interest	12,223,098(L)	5.01%	5.17%
LC Healthcare Fund II, L.P. ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Great Unity Fund I, L.P. ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
SK China Company Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Proud Solar Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Loft Success Investments Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Right Lane Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Legend Holdings Corporation ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
LC Healthcare Fund II GP Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
LC Fund GP Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Union Season Holdings Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Legend Capital Co., Ltd. ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Beijing Junqi Jiarui Business Management Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Tianjin Huizhi No. 1 Investment Management Partnership Enterprises (Limited Partnership) ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Linan ZHU ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Hao CHEN ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%
Nengguang WANG ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098(L)	5.01%	5.17%

Notes:

- (1) (L) Long position. The percentage is calculated based on the total number of shares of the Company in issue as of the Latest Practice Date (i.e. 236,223,322 H Shares and 7,713,678 Unlisted Foreign Shares).
- (2) Winning Powerful Limited is wholly owned by Mr. Wang. In addition, Mr. Wang is the sole executive partner of Shanghai Baixinantong and a limited partner who contributed more than one-third of the capital of Shanghai Baihate, each of which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Winning Powerful Limited, Shanghai Baixinantong and Shanghai Baihate, in addition to the equity interests he directly owns. Ms. Peili Wang is the sole executive partner of Shanghai Baihate. Accordingly, under the SFO, Ms. Peili Wang is deemed to be interested in the equity interests held by Shanghai Baihate.
- (3) Mr. Qin is a limited partner who contributed more than one-third of the capital of Shanghai Baixinantong. Accordingly, under the SFO, Mr. Qin is deemed to be interested in the equity interests held by Shanghai Baixinantong.

- (4) Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) is owned as to 99.9% by Xu YANG (楊旭) as limited partner and 0.1% by Suzhou Meimingyang Investment Management Co., Ltd. (蘇州美明陽投資管理有限公司) as general partner. Suzhou Meimingyang Investment Management Co., Ltd. is owned as to 50% by Kun YANG (楊坤) and 50% by Shulan ZHONG (鍾淑蘭). Accordingly, under the SFO, Xu YANG, Suzhou Meimingyang Investment Management Co., Ltd. and Shulan ZHONG are deemed to be interested in the equity interests held by Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership).
- (5) Each of TPG Asia VII Finance, Limited Partnership (as sole ordinary shareholder of TPG Asia VII SF Pte. Ltd.), TPG Asia GenPar VII, L.P. (as a general partner of TPG Asia VII Finance, Limited Partnership), TPG Asia GenPar VII Advisors, Inc. (as a general partner of TPG Asia GenPar VII, L.P.), TPG Operating Group III, L.P. (which controls TPG Asia GenPar VII Advisors, Inc.), TPG Holdings III-A, L.P. (which controls TPG Operating Group III, L.P.), TPG Holdings III-A, LLC (as a general partner of TPG Holdings III-A, L.P.), TPG Group Holdings (SBS), L.P. (which controls TPG Inc., which in turn indirectly controls TPG Holdings III-A, LLC through TPG Operating Group II, L.P.), TPG Group Holdings (SBS) Advisors, LLC (as a general partner of TPG Group Holdings (SBS), L.P.) and TPG GP A, LLC (which controls TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by TPG Asia VII SF Pte. Ltd. under the SFO.
- (6) Magic Grace Limited is owned as to 79.63% by LC Healthcare Fund II, L.P., which is owned as to 54.22% by Great Unity Fund I, L.P. as limited partner and 1% by LC Healthcare Fund II GP Limited as general partner.

Great Unity Fund I, L.P. is owned as to 49.08% by SK China Company Limited as limited partner, 49.08% by Proud Solar Limited as limited partner and 1% by LC Fund GP Limited as general partner. Proud Solar Limited is wholly owned by Loft Success Investments Limited, a wholly-owned subsidiary of Right Lane Limited, which is in turn wholly owned by Legend Holdings Corporation, a company listed on the Stock Exchange (stock code: 3396).

LC Healthcare Fund II GP Limited is wholly owned by Union Season Holdings Limited, a wholly-owned subsidiary of Legend Capital Co., Ltd. (君聯資本管理股份有限公司), which is in turn owned as to 80% by Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)), which is owned as to 58.12% by Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) (天津匯智一號企業管理諮詢合夥企業(有限合夥)) as limited partner, 41.87% by Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) as limited partner and 0.01% by Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) as general partner, which is held as to 20% by Nengguang WANG and 40% by Hao CHEN. Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) is owned as to 40.11% by Linan ZHU as limited partner and 1.39% by Beijing Junqi Jiarui Business Management Limited as general partner. Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) is owned as to 1.92% by Beijing Junqi Jiarui Business Management Limited as general partner.

As such, under the SFO, each of LC Healthcare Fund II, L.P., Great Unity Fund I, L.P., LC Healthcare Fund II GP Limited, SK China Company Limited, Proud Solar Limited, LC Fund GP Limited, Loft Success Investments Limited, Right Lane Limited, Legend Holdings Corporation, Union Season Holdings Limited, Legend Capital Co., Ltd., Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership), Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership), Beijing Junqi Jiarui Business Management Limited, Nengguang WANG, Hao CHEN, Linan ZHU and Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) is deemed to be interested in the equity interests held by Magic Grace Limited.

Save as disclosed above, as of the Latest Practicable Date, the Directors, the supervisors and chief executive of the Company were not aware of any persons (other than the Directors, the supervisors or chief executive of the Company) who had interests and/or short positions in the Shares or underlying Shares which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with the Company for a term until the conclusion of the 2025 annual general meeting of the Company to be held in 2026.

As of the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTEREST IN ASSETS

As of the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has since December 31, 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

No Director and/or his/her respective close associates had a material interest, either directly or indirectly, in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

As of the Latest Practicable Date, as far as the Directors are aware, none of the Directors nor their respective close associates is and was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

As of the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group which are or may be material:

- (a) the Investment Agreement;
- (b) the Shareholders Agreement;
- (c) the limited partnership agreement dated December 6, 2024 (as supplemented by a supplemental agreement dated December 26, 2024) entered into by the Nanjing Guojian Jinquan Equity Investment Management Co., Ltd. (南京國健錦泉股權投資管理有限公司), the Company and Mr. Jing BAO (保京) in relation to the formation of Beijing Yichuang Xinan Science and Technology Development Center (北京醫創心安科技發展中心(有限合夥)), pursuant to which the Company agreed to contribute RMB32.8 million into the limited partnership. Further details of which are set out in the announcements of the Company dated December 6, 2024, December 23, 2024 and December 26, 2024; and
- (d) the capital increase agreement dated April 14, 2023 entered into by the Company, Hong Kong Bio-heart Biological Technology Co., Limited, Shanghai Xinzhi Medical Technology Co., Ltd.* (上海心至醫療科技有限公司) (“**Xinzhi Medical**”), Ms. Jiaqi Hong (洪家琪) and other shareholders of Xinzhi Medical, pursuant to which the Company agreed to make a capital increase of RMB15,000,000 into Xinzhi Medical. Further details of which are set out in the announcement of the Company dated April 14, 2023.

9. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Mr. Yunqing WANG (王雲磬) and Ms. Sarah Siu Ying KWOK (郭兆瑩). Ms. Sarah Siu Ying KWOK is an associate member of The Hong Kong Chartered Governance Institute, an associate member of The Chartered Governance Institute in the United Kingdom, and an affiliate member of The Society of Trust and Estate Practitioners;
- (b) The registered office, headquarters and principal place of business of the Company in the PRC is at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC, and the principal place of business of the Company in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong;
- (c) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong; and

- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

10. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be on display on the website of the Company (www.bio-heart.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM and the Class Meetings (being not less than 14 days):

1. the Investment Agreement;
2. the Shareholders Agreement;
3. the letter on profit forecast issued by Ernst & Young and the Board, the texts of which are set out in Appendix II and Appendix III to this circular, respectively;
4. the valuation report of the entire equity interest of Zhejiang Bioheart as of the Valuation Base Date prepared by the Independent Valuer, the texts of which are set out in Appendix IV to this circular; and
5. the written consents referred to in the paragraph headed “Experts and Consents” in this circular.

As the Investment Agreement and the Shareholders Agreement contain (i) certain sensitive personal information, being the identity card and passport numbers of the employees of the Group (in respect of the Investment Agreement only) and the phone number and email address of the contact person of the Investor (the “**Personal Information**”); and (ii) the bank account information of Zhejiang Bioheart (in respect of the Investment Agreement only) (the “**Bank Information**”), the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.66(10) and paragraph 43(2)(c) of Appendix 1B to the Listing Rules by redacting the Personal Information and Bank Information in the Investment Agreement and the Shareholders Agreement to be displayed on the websites of the Stock Exchange and the Company based on the following grounds:

- (i) as the Personal Information is considered to be personal data which is currently not available in the public domain and the employees of the Group and the contact person of the Investor refused to give consents for disclosure of the Personal Information on the websites of the Company and the Stock Exchange, such public disclosure may constitute a possible breach of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong);
- (ii) the public disclosure of the Bank Information may increase the risk of theft; and

- (iii) given the identities of the parties and other major terms of the Investment Agreement and the Shareholders Agreement have been disclosed in the announcement of the Company dated January 2, 2025, and will also be disclosed to the public in this circular, and the full terms of the transactions contemplated under the Investment Agreement and the Shareholders Agreement will be available to the public by displaying the agreements on the websites of the Company and the Stock Exchange during the period of not less than 14 days from the date of this circular, the Company is of the view that the Personal Information and the Bank Information (a) are not material to the assessment of the transactions; and (b) the omission of which will not mislead investors with regard to the facts and circumstances, knowledge of which is essential for the informed assessment of the transactions.

Shanghai Bio-heart Biological Technology Co., Ltd.

上海百心安生物技術股份有限公司

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

ARTICLES OF ASSOCIATION

~~June 2024~~February 2025

Shanghai Bio-heart Biological Technology Co., Ltd.

Articles of Association

CHAPTER 1 GENERAL PROVISIONS

Article 1

Shanghai Bio-heart Biological Technology Co., Ltd. (hereinafter referred to as the “Company”) is a joint stock company with limited liability established in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”) and other laws and administrative regulations in China. For the purpose of regulating the organization and conduct of the Company and safeguarding the lawful rights and interests of the Company, its shareholders and creditors, the Articles of Association have been formulated in accordance with the Company Law of the People’s Republic of China (“Company Law”), the Securities Law of the People’s Republic of China (“Securities Law”), the Constitution of the Communist Party of China (“CPC”) (“the Party’s Constitution”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) and other laws and administrative regulations.

Shanghai Bio-heart Biological Technology Co., Ltd. was established on 18 July 2014, and was completely converted to a joint stock company on 8 December 2020 with its original shareholders as the promoters of the joint stock company, namely, Winning Powerful Limited, Philip Li Wang, Winning Forward International Limited, Shanghai Xinbang Yihao Enterprise Management Consulting L.P., Shanghai Baihate Enterprise Management Consulting L.P. (Limited Partnership), Shanghai Baixinantong Enterprise Management Consulting L.P. (Limited Partnership), Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership), Ningbo Meishan Bonded Port Jiami Investment L.P. (Limited Partnership), Xiangdong Lyu, Suzhou Chenzhide Investment L. P. (Limited Partnership), Shanghai Zhangjiang Technology Venture Investment Co., Ltd., Qianhai Equity Investment Fund (Limited Partnership), Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership), YuanBio Venture Capital L. P., Magic Grace Limited, CMV HK Limited, Beijing Cuiweikechuang Equity Investment Fund Center (Limited Partnership), Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership), LVC Revitalization Limited, TPG ASIA VII SF PTE. LTD., Worldwide Healthcare Trust Plc, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P..

- Article 2** Registered Chinese name of the Company: 上海百心安生物技術股份有限公司.
- English name: Shanghai Bio-heart Biological Technology Co., Ltd.
- Article 3** Domicile of the Company: Room 302, 3/F, Building 4, No.590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai
Postal code: 201203
Telephone number: 021-68798511
The operating period of the Company commenced on July 18, 2014.
(without a fixed term).
- Article 4** The legal representative of the Company is the Chairman of the Board ~~or the~~
Managing Director of the Company.
- Article 5** The Company is a joint stock limited company initiated and established, and the enterprise type is a joint stock limited company (Hong Kong, Macao and Taiwan investment, listed). Shareholders are liable to the Company to the extent of the shares they subscribe for, and the Company is liable for its debts with all its assets.
- Article 6** The Company firmly abides by national laws, regulations and the provisions of the Articles of Association, safeguards the national interests and public interests of the society, and accepts supervision by relevant government authorities.
- The Company establishes Communist Party organizations and carries out Party activities in accordance with the provisions of the Party Constitution. The Company provides the necessary conditions for the activities of the party organization.
- The Company is an independent enterprise legal person, and all acts of the Company shall comply with the laws, regulations and regulatory documents of China and the legal rights of the shareholders shall be protected. The Company is under the jurisdiction and protection of the laws, regulations and regulatory documents of China..

- Article 7** The Articles of Association shall be passed at the shareholders' general meeting of the Company by special resolution before becoming effective from the date on which the overseas-listed shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") subject to approval of relevant authorities of China and shall supersede the existing articles of association of the Company filed with the administration authorities for market regulation. All actions of the Company must abide by and comply with the Company Law, the Special Provisions and the provisions of this Articles of Association.
- Article 8** The Articles of Association as amended in the future shall be a legally binding public document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect. The Articles of Association shall be binding on the Company and its shareholders, directors, supervisors, managers and other senior management. Pursuant to the Articles of Association, the shareholders may take actions against the Company; the Company may take actions against the shareholders, directors, supervisors and senior management; and the shareholders may sue the shareholders; and the shareholders may take actions against the directors, supervisors, managers and other senior management of the Company. Other senior management, as referred to in the Articles of Association, means the Deputy General Managers, the secretary of the Board of Directors and the chief financial officer of the Company.
- Article 9** The actions referred to in the preceding article shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration. Other members of senior management referred to in the preceding article and in the Articles of Association include Deputy General Managers, the Chief Financial Officer and the secretary of the Board.
- Article 10** The Company may invest in other companies with limited liability or joint stock companies with limited liability, and shall be liable to the investee companies to the extent of its capital contribution.
- Article 11** All the capital of the Company shall be divided into shares of equal value and shareholders' liability shall be limited to their shares in the Company. The Company shall be liable for its debt with all of its assets.
- Article 12** The Company's employees may form trade unions and carry out trade union activities to protect their legal rights. The Company shall provide necessary support to such activities.

CHAPTER 2 BUSINESS OBJECTIVES, SCOPE OF BUSINESS AND METHOD OF
COMPANY ESTABLISHMENT

Article 13

The business objectives of the Company are to strengthen cooperation and exchanges between all parties in the field of medical device production and sales, and to realize gratifying returns for its shareholders.

The Company is established as a joint stock limited company through the method of initiation.

Article 14

Registered in accordance with the law, the company's scope of business: Licensing Item: Class III medical device manufacturing. General business: Technical services, technical development, technical consultation, technical exchanges, technical transfer, technical promotion; medical research and experimental development (except for human stem cells, development and application of gene diagnosis and treatment technology); import and export of goods and technology, import and export agency, sales of electronic products, sales agents. (The Company's scope of business shall be consistent with the scope of business approved by the authority responsible for the Company's registration.) ~~Research and development of biological products, pharmaceutical products and pharmaceutical intermediates, transferring self-developed technologies, and the provision of related technical consultation and technical services; wholesale, import and export, commissioned agency (excluding auction) of chemical raw materials and products (excluding dangerous chemicals, restricted chemicals, fireworks and firecrackers, civil explosives and drugmaking chemical), instruments and electronic products, and the provision of related ancillary services (not involving commodities subject to state-owned trade management, applications in accordance with the relevant state regulations to be made in relation to commodities subject to quota and license management; the operation of activities under certain projects may only be commenced with the approval from relevant departments in accordance with law).~~

Article 15

The Company may change its scope of business and amend the Articles of Association in accordance with law upon registration of change with the Shanghai Municipal Administration for Market Regulation and with the approvals from shareholders at shareholders' general meetings and the relevant competent authorities.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 16 The Company shall have ordinary shares at all times. The Company may create other classes of shares according to its needs upon approval from the vetting department authorized by the State Council. The Company's shares take the form of stock certificates.

Article 17 Shares issued by the Company all have a par value of RMB1 per share (Unless otherwise specified, all amounts in the Articles of Association are stated in RMB).

Article 18 The shares of the Company shall be issued in accordance with the open, fair and equal principles that same class of each share shall rank *pari passu* with each other. The issue terms and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share of the same class during the same share issue subscribed for by any entities or individuals.

Article 19 The Company may issue shares to both domestic and foreign investors subject to the approval from the China Securities Regulatory Commission (hereafter referred to as the "CSRC").

Foreign investors referred to in the preceding paragraph shall mean investors from foreign countries, Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors from the People's Republic of China except the foregoing regions who subscribe for shares issued by the Company.

Article 20 Domestic shares refer to the shares issued by the Company to domestic investors for subscription in RMB. Foreign shares refer to the shares issued by the Company to overseas investors for subscription in foreign currencies. Subject to the approval of the CSRC and overseas securities regulatory agencies, domestic shares and unlisted foreign shares that can be listed and traded on overseas stock exchanges and overseas listed foreign shares are the same class of shares, which are collectively referred to as overseas listed shares.

The term foreign currency in the preceding paragraph shall refer to the lawful currency freely convertible in other countries or regions (other than RMB), which is recognized by PRC foreign exchange authority and acceptable to pay for the shares.

Among the foreign shares, those listed overseas are referred to as overseas listed foreign shares (of which those listed in Hong Kong can be referred to as H shares, which are listed on the Hong Kong Stock Exchange upon approval with a par value denominated in RMB and are subscribed and traded in Hong Kong dollars); those unlisted overseas are referred to as non-listed foreign shares.

Unless otherwise specified in the Articles of Association, holders of domestic shares and foreign shares are both holders of ordinary shares and shall have the same obligations and rights.

Subject to the approval of the CSRC and overseas securities regulatory agencies, shareholders of non-listed shares of the Company may have their shares listed and dealt in overseas; domestic shareholders and holders of unlisted foreign shares of the Company may transfer all or part of their shares held to overseas investors for listing and trading on overseas stock exchanges; all or part of the domestic shares and unlisted foreign shares of the Company may be converted into overseas-listed shares that can be listed and traded on overseas securities exchange(s). The above-mentioned shares transferred, or upon conversion, for listing and trading on overseas stock exchanges are also subject to the regulatory procedures, provisions and requirements of overseas securities markets. The above-mentioned listing and trading of transferred shares on overseas stock exchanges, or conversion of domestic shares and unlisted foreign shares into overseas-listed shares for listing and trading on overseas stock exchanges, are not required to be approved by voting in a general meeting ~~or class meeting of shareholders~~. After domestic shares and unlisted foreign shares are converted into overseas-listed shares, they become the same class of shares as original overseas-listed foreign shares.

Article 21

As approved by the company's vetting department that is authorized by the State Council, the total number of shares of the Company is 243,937,000 shares, the amount of each share is RMB1 (RMB), and the registered capital is RMB243,937,000. The share capital structure of the Company is: ordinary share 243,937,000 shares. The Company issued 220,000,000 shares to its promoters at its establishment, representing 100% of the total number of its ordinary shares in issue, at RMB1 per each share. The specific issuance status regarding names of each promoter and shareholder, shareholdings and percentage is as follows: the Company issued 45,645,584 shares to Winning Powerful Limited, accounting for 20.7480% of ~~the~~ the Company's total ordinary shares in issue; issued 7,713,678 shares to Philip Li Wang, accounting for 3.5062% of the Company's total ordinary shares in issue; issued 5,900,492 shares to Winning Forward International Limited, accounting for 2.6820% of the Company's total ordinary shares in issue; issued 4,326,959 shares to Shanghai Xinbang Yihao

Enterprise Management Consulting L.P. (Limited Partnership), accounting for 1.9668% of the Company's total ordinary shares in issue; issued 27,962,081 shares to Shanghai Baixinantong Enterprise Management Consulting L.P. (Limited Partnership), accounting for 12.7100% of the Company's total ordinary shares in issue; issued 16,717,998 shares to Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership), accounting for 7.5991% of the Company's total ordinary shares in issue; issued 4,012,209 shares to Ningbo Meishan Bonded Port Jiami Investment L.P. (Limited Partnership), accounting for 1.8237% of the Company's total ordinary shares in issue; issued 118,010 shares to Xiangdong Lyu, accounting for 0.0536% of the Company's total ordinary shares in issue; issued 9,954,710 shares to Suzhou Chenzhide Investment L.P. (Limited Partnership), accounting for 4.5249% of the Company's total ordinary shares in issue; issued 1,966,806 shares to Shanghai Zhangjiang Technology Venture Investment Co., Ltd., accounting for 0.8940% of the Company's total ordinary shares in issue; issued 2,814,766 shares to Qianhai Equity Investment Fund (Limited Partnership), accounting for 1.2794% of the Company's total ordinary shares in issue; issued 5,577,993 share to Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership), accounting for 2.5355% of the Company's total ordinary shares in issue; issued 3,418,776 shares to YuanBio Venture Capital L.P., accounting for 1.5540% of the Company's total ordinary shares in issue; issued 12,223,098 shares to Magic Grace Limited, accounting for 5.5560% of the Company's total ordinary shares in issue; issued 1,349,893 shares to CMV HK Limited, accounting for 0.6136% of the Company's total ordinary shares in issue; issued 482,106 shares to Beijing Cuiweikechuang Equity Investment Fund Center (Limited Partnership), accounting for 0.2191% of the Company's total ordinary shares in issue; issued 771,367 shares to Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership), accounting for 0.3506% of the Company's total ordinary shares in issue; issued 9,983,037 shares to LVC Revitalization Limited, accounting for 4.5377% of the Company's total ordinary shares in issue; issued 25,402,420 shares to Shanghai Baihate Enterprise Management Consulting L. P. (Limited Partnership), accounting for 11.5466% of the Company's total ordinary shares in issue; issued 20,753,025 shares to TPG ASIA VII SF PTE. LTD., accounting for 9.4332% of the Company's total ordinary shares in issue; issued 10,323,992 shares to Worldwide Healthcare Trust Plc, accounting for 4.6927% of the Company's total ordinary shares in issue; issued 1,032,400 shares to OrbiMed Genesis Master Fund, L.P., accounting for 0.4693% of the Company's total ordinary shares in issue; issued 1,548,600 shares to OrbiMed New Horizons Master Fund, L.P., accounting for 0.7039% of the Company's total ordinary shares in issue.

- Article 22** Pursuant to the approval of the CSRC and the Hong Kong Stock Exchange, the Company may issue no more than 27,527,500 shares of overseas listed foreign shares with a par value of RMB1 per share, all of which are ordinary shares.
- Pursuant to the approval of the CSRC, 8 of the foreign shareholders of the Company, namely TPG ASIA VII SF PTE. LTD., Magic Grace Limited, YuanBio Venture Capital L.P., CMV HK Limited, LVC Revitalization Limited, Worldwide Healthcare Trust Plc, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P., converted 37,669,116 shares of their non-listed foreign shares of the Company into overseas listed foreign shares (H shares).
- Upon the initial public offering of overseas listed foreign shares and the conversion of certain unlisted foreign shares into overseas listed foreign shares (H shares), the shareholding structure of the Company is as follows: 243,937,000 ordinary shares, of which 100,107,425 shares are domestic shares, accounting for 41.0382% of the ordinary shares of the Company; 82,223,459 shares are unlisted foreign shares, accounting for 33.7068% of the ordinary shares of the Company; 61,606,116 shares are H shares, accounting for 25.2549% of the ordinary shares of the Company.
- Article 23** Subject to the approval of the plans of the Company to issue overseas listed shares and domestic shares by the CSRC and authorization at a shareholders' general meeting, the Board of Directors of the Company may arrange for a separate issuance of such shares. According to the requirements stated in the preceding paragraph, the Company may implement the plan of issuing overseas-listed shares and domestic shares separately within 15 months from the date of approval from the CSRC.
- Article 24** The Company shall complete issuing overseas listed foreign shares and domestic shares within the number fixed in the plan at one time; if this cannot be achieved due to exceptional circumstances, the Company may issue the same in several attempts upon the approval from the CSRC.
- Article 25** After the completion of the issuance of the aforementioned H shares, the registered capital of the Company shall be RMB243,937,000.
- Article 26** The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, increase its capital.

The Company may increase its capital by way of:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) distributing bonus shares or placing new shares to its existing shareholders;
- (IV) converting the reserve funds into share capital;
- (V) any other means approved by laws, administrative regulations and the CSRC.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the procedures set forth in the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of China and the Listing Rules.

Article 27

The Company may dispose of the shares of any untraceable shareholder and retain the proceeds, if:

- (I) during a period of 12 years, dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and
- (II) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an advertisement in newspapers, and has notified the CSRC and the relevant overseas securities regulatory authorities of the place where the Company's shares are listed in accordance with the Articles of Association.

Article 28

The Company's shares held by the promoters of the company shall not be transferred within one year from the date of the inception of the Company. The shares in issue prior to the Company's public offering of shares shall not be transferred within one year from the date of the listing and trading of the Company's shares on the Stock Exchange.

During their terms of office, directors, supervisors and other senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer in a given year during their terms of office more than 25% of the total number of shares of the Company held by them; the shares of the Company held by them shall not be transferred

within one year from the first day on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date when they leave office.

If a shareholder, director, supervisor, or senior executive who owns more than five percent of the Company's shares sells the Company's shares or other securities of an equity nature held by him/her within six months of the date of purchase or buys them again within six months of the date of sale, the proceeds therefrom shall belong to the Company, and the Board of Directors of the Company shall recover the proceeds therefrom.

Shares or other securities of an equity nature held by directors, supervisors, senior management, and shareholders of natural persons referred to in the preceding paragraph, including those held by their spouses, parents and children and those held using the accounts of others.

CHAPTER 4 CAPITAL REDUCTION AND REPURCHASE OF SHARES

Article 29 The Company may reduce its registered capital according to the Articles of Association.

Article 30 The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall publish a notice in a newspaper within 30 days from the date of such resolution. A creditor has the right within 30 days from the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days from the date of the notice, to demand the Company to repay its debts or provide a corresponding guarantee for repayment of such debt.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

Article 31 The Company shall not acquire shares of the Company. However, the Company may, subject to the approval of the relevant governing authorities of China, and according to the procedures set forth in the Articles of Association, repurchase its outstanding shares under the following circumstances:

- (I) reducing the Company's registered capital;
- (II) merging with other companies that hold shares in the Company;

- (III) granting the shares for the employee shareholding scheme or as share incentives;
- (IV) shareholders who disagree with the resolutions for the merger and separation of the Company made in a shareholders' general meeting may demand the Company to purchase their shares;
- (V) using the shares for the purpose of exchanging for convertible bonds issued by listed companies;
- (VI) where it is necessary for the listed company to safeguard its value and shareholders' interests;
- (VII) other circumstances as permitted by the laws, administrative regulations, regulations of the authorities and regulatory rules where the Company's shares are listed.

Repurchase of the Company's shares for reasons set out in Clauses (I) and (II) of this Article shall be subject to resolution at a shareholders' general meeting. Repurchase of the Company's shares for reasons set out in Clauses (III), (V) and (VI) of this Article shall obtain approval from a Board meeting where over two-thirds of the directors are present, in accordance with provisions of the Articles of Associations or the authorization by the Board, unless otherwise provided for in the Listing Rules.

After the Company has repurchased its shares in accordance with Clause (I) of this Article, such shares shall be cancelled within 10 days after repurchase, or shall be transferred or cancelled within 6 months in the circumstances set out in Clauses (II) and (IV), or shall be transferred or cancelled within three years in the circumstances set out in Clauses (III), (V) and (VI) provided that the aggregate number of company shares held by the Company shall not exceed 10% of the total number of issued shares of the Company.

Where the Company repurchases its own shares, it shall fulfill the obligation of information disclosure in accordance with the Securities Law. Acquisition of the Company's shares by the Company may be carried out through open and centralized trading or in other ways recognized by laws, administrative regulations, the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the CSRC. Where the Company repurchases its own shares under the circumstances as required in Clauses (III), (V) and (VI) of the first paragraph of this Article, it shall be carried out by open and centralized trade.

The Company shall not accept its shares being held as security under a pledge.

Where the relevant laws and regulations, regulatory documents and relevant provisions of the securities regulatory authority at the places where the Company's shares are listed have any other provisions in respect of the matters relating to the aforesaid share buyback, such provisions shall prevail.

Article 32

Subject to the approval by relevant governing authorities of China, the Company may repurchase its shares by the following means:

- (I) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis;
- (II) through public dealing on a stock exchange;
- (III) by an off-market agreement outside a stock exchange;
- (IV) other means as approved by laws, administrative regulations and regulatory authorities.

Article 33

If the Company repurchases its shares by concluding an off-market agreement outside a stock exchange, it shall obtain prior approval at a shareholders' general meeting pursuant to the Articles of Association. Upon approval in the same manner at the shareholders' general meeting, the Company may discharge or amend the said agreement or waive any of its rights thereunder.

The agreement for the repurchase of shares referred to in the preceding paragraph shall include, but not limited to, a document to become obliged to repurchase and acquire the right to repurchase shares.

The Company shall not assign the agreement for the repurchase of its shares or any rights thereunder.

In respect of the Company's repurchase of its shares, if the repurchase is made not on the market or through tender, the repurchase price shall not exceed a specified price limit, and if the repurchase is made through tender, the offer shall be made to all shareholders.

Article 34

After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares in accordance with laws and administrative regulations, and shall apply to the Market Supervision Administration of Pudong New Area, Shanghai for change in registered capital or shareholding and make announcement accordingly.

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

Article 35

Unless the Company is undergoing liquidation, it shall repurchase its outstanding shares pursuant to the rules below:

- (I) Where the Company repurchases shares at par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose;
- (II) Where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion in excess of par value shall be effected as follows:
 - (1) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits;
 - (2) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased or the balance of the Company's capital reserve account (including the premiums on the new issue) at the time of such repurchase.
- (III) The Company shall make payments with its distributable profits for the following expenses:
 - (1) for acquisitions of rights to repurchase its own shares;
 - (2) for the variation of any agreement for the repurchase of its shares;
 - (3) for release from its obligations under any repurchase agreement.
- (IV) After the total par value of the shares that are cancelled is deducted from the Company's registered capital, the amount equal to the par value of its shares deducted from its distributable profits shall go to the Company's capital reserve account.

Where the laws, regulations, regulatory documents and relevant provisions of the securities regulatory authority at the places where the Company's shares are listed have any other provisions in respect of the matters relating to the aforesaid share buyback, such provisions shall prevail.

CHAPTER 5 FINANCIAL ASSISTANCE FOR THE PURCHASE OF THE COMPANY'S SHARES

Article 36

The Company or its subsidiaries (including its affiliates) shall not offer any financial assistance to anyone who is acquiring or is proposing to acquire shares of the Company by any means at any time. The said purchaser of the Company's shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares.

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

This Article shall not be applicable to the circumstances described in Article 38.

Article 37

The financial assistance described in this Chapter shall include but not be limited to the means below:

- (I) gifts;
- (II) guarantees (including the guarantor to undertake the liability or offer assets to secure the obligor's performance of obligations), compensation (not including compensation arising out of the Company's own defaults), or release or waiver of any right;
- (III) provisions of loans or any other agreements where the Company shall fulfil the obligations prior to other parties, or changes in the said loans or parties to agreements, or the assignment of the rights under such loans or agreements;
- (IV) any other financial assistance provided by the Company in the event that the Company is insolvent or possesses no net assets, or in the event that its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, “assuming any obligations” shall include obligations assumed by contract or any arrangement (whether enforceable or unenforceable, and whether made on its own account or with any other persons) or by any other means that result in a change in financial position.

Article 38

The following cases shall be exempted from Article 36 of this Chapter:

- (I) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of the Company’s shares, or the provision of financial assistance being an incidental part to a plan of the Company;
- (II) the lawful distribution of the Company’s assets in the form of dividends;
- (III) the distribution of dividends in the form of shares;
- (IV) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure effected according to the Articles of Association;
- (V) the provision of loans by the Company within its scope of business and in the ordinary course of the business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, financial assistance is provided from distributable profits of the Company);
- (VI) the provision of monetary assistance for contributions to staff and workers’ stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits of the Company).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**Article 39**

The share certificates of the Company shall be in registered forms.

In addition to the matters required by the Company Law and the Special Provisions, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the Company’s shares are listed.

During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company must ensure that all of the documents relating to the title to the securities listed on the Hong Kong Stock Exchange (including H shares) include the statements as follows. The Company shall instruct and procure the share registrars not to register the subscription, purchase or transfer of share in the name of any individual holder unless and until he submits such properly executed forms to the share registrars which shall include the statements as follows:

- (1) agreements among the purchaser of the share, the Company and each shareholder, and between the Company and each shareholder, have been reached to comply with and in accordance with the Company Law, the Special Provisions and other laws, administrative regulations and the Articles of Association.
- (2) the purchaser of the shares and the Company, each of the shareholders, Directors, Supervisors, Manager and other members of senior management of the Company, as well as the company acting on behalf of the PRC issuer and each director, supervisor, manager and other members of senior management, agree with each shareholder that all of the disputes and claims arising from the Articles of Association, or any rights and obligations stipulated in the Company Law and other relevant laws and administrative regulations relating to the Company, shall be referred to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award which is final.
- (3) the purchaser of the shares, the Company and each shareholder agree that the shares of the Company may be freely transferable by the holder.
- (4) the purchaser of the shares authorizes the Company to reach an agreement on behalf of him with each of the directors, General Manager and other members of senior management to authorize such directors, General Manager and other members of senior management to comply with and perform their duties to the shareholders in accordance with the Articles of Association.

Article 40

Share certificates shall be signed by the Chairman of the Board of Directors. In the event that the stock exchange(s) on which the Company's shares are listed require the signatures of other members of senior management of the Company on the share certificates, the share certificates shall also be signed by such members of senior management. The share certificates shall be effective upon being affixed or printed with the seal of the Company or other securities seals specified. The share certificates shall only be sealed with the Company's seal under the authorization of the Board, or signed by appropriate staff members with legal authority. The signatures of the Chairman of the Board of the Company or other members of senior management may be printed. Under the conditions of paperless listing and trading of the Company's shares, separate regulations of the securities supervisory and regulatory authorities and stock exchanges where the Company's shares are listed shall apply.

Where power is taken to issue share warrants to bearer, no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

Article 41

The Company shall have a register of shareholders based on the certificates provided by the securities registration institution to record the following matters:

- (I) the name (title), address (residence), occupation or nature of each shareholder;
- (II) the number and class of the shares of each holder;
- (III) The payment made or payable amount for the shares of each holder;
- (IV) the certificate numbers of the shares of each holder;
- (V) the date on which each shareholder is entered in the register as a shareholder of the Company;
- (VI) the date on which each shareholder ceases to be a shareholder of the Company.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. Shareholders shall have rights and obligations according to the type of shares they hold; shareholders holding shares of the same type shall have the same rights and obligations.

Where two or more persons are registered as joint shareholders of any shares, they should be deemed as joint owners of relevant shares subject to the followings:

- (I) the Company does not have to register more than 4 persons as joint shareholders of any shares;
- (II) the joint shareholders shall, together or individually, pay the amounts payable for relevant shares;
- (III) if any of the joint shareholders dies, only the surviving joint shareholders may be deemed as holders of relevant share of the Company, but the Board of Directors is entitled to require the death certificate which it considers to be proper as regard to the amendment to the register of shareholders; and
- (IV) with regard to the joint shareholders for any share, only the person whose name is at the first place on the register of shareholders has the rights to receive the certificate of relevant shares and notice from the Company and to attend or exercise all of the votes relating to the shares at a shareholders' general meeting of the Company. The notice which is serviced on the abovementioned person should be deemed to be serviced on all of the joint shareholders of relevant shares.

Article 42

When the Company convenes a shareholders' meeting, distributes dividends, engages in liquidation and engages in other acts that require the identification of shareholders, the Board of Directors or the convenor of the shareholders' meeting shall determine the date of registration of shareholdings, and the shareholders whose names appear on the register after the close of business on the date of registration of shareholdings shall be the shareholders entitled to the relevant rights and interests.

Article 43

The Company may maintain the register of holders of overseas-listed shares and appoint an overseas agent to manage the register of shareholders in accordance with the memorandum of understanding or agreement concluded with the CSRC and overseas securities regulatory authorities. The original register of holders of overseas-listed shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate copy of the register of holders of overseas-listed shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copies of the register of holders of overseas-listed shares.

In the event of any inconsistency between the original and the duplicate copy of the register of holders of overseas-listed shares, the original register of shareholders shall prevail.

Article 44

The Company shall maintain a complete register of shareholders.

The register of shareholders shall include:

- (I) the register of shareholders that is maintained at the Company's residence (other than those share registers described in Clause (II) and Clause (III) below);
- (II) The register of holders of overseas-listed shares of the Company kept at the place where the overseas stock exchange on which the shares are listed is located;
- (III) The register of shareholders kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

Article 45

Different parts of the register of shareholders shall not duplicate one another. No transfer of the shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register of shareholders.

Alteration or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register of shareholders is maintained.

Article 46

Unless otherwise stipulated in the laws, regulations, the Listing Rules and the Articles of Association of the Company, fully paid-up shares of the Company shall be free from any restriction on the right of transfer and shall also be free from all liens. The transfer of H shares is subject to the registration by the local stock registration agency in Hong Kong appointed by the Company. If any fees are required to be collected in respect of such registration, the amount of such fees shall not exceed the maximum amount prescribed by the Listing Rules from time to time.

All fully paid-up H shares can be freely transferred according to the Articles of Association. However, the Board of Directors may refuse to recognize any instrument of transfer without giving any reasons, unless the following conditions are fulfilled:

- (I) a fee specified by the Listing Rules has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of the shares;
- (II) the instrument of transfer only involves H shares;
- (III) the stamp duty payable on the instrument of transfer has been paid in full;
- (IV) the relevant share certificates and any evidences in relation to the right of the transferor to transfer such shares as reasonably requested by the Board of Directors have been provided;
- (V) if the shares are to be transferred to joint holders, the maximum number of registered joint holders shall not exceed four;
- (VI) the Company does not have any lien on the relevant shares.

Article 47

Following share transfer, the name of the transferee shall be registered in the register of shareholders as holders of shares.

If the Company refuses to register any transfer of shares, the Company shall within two months of formal application for the transfer provide the transferor and transferee with a written notice of refusal to register such transfer.

Article 48

All issue or subsequent transfer of H shares shall be registered in the register of shareholders maintained in Hong Kong in accordance with Article 43.

Article 49

Any shareholder of overseas-listed shares may transfer all or part of his/her shares using an instrument of transfer in the common written format in the place of listing or an instrument of transfer signed under hand or bearing machine printing signatures. H shares may be transferred using the standard transfer form specified by the Hong Kong Stock Exchange. If the transferor or transferee is a recognized clearing house as defined by the Hong Kong Securities and Futures Ordinance or its agent, the instrument of transfer may be signed by hand or in mechanically-printed form. All transfer of Company shares held by shareholders of non-listed foreign shares shall be effected in accordance with relevant Chinese laws and regulations.

All instruments of transfer shall be kept at the legal address of the Company, the address of the share registrar or other addresses designated by the Board of Directors from time to time.

- Article 50** Laws, regulations or the securities regulatory authorities and stock exchanges where the Company's shares are listed. Where there are provisions on the suspension of the registration of changes in the register of shareholders prior to the convening of a general meeting or prior to the date on which the Company decides to distribute dividends, such provisions shall apply accordingly.
- Article 51** When the Company convenes a shareholders' meeting, distributes dividends, engages in liquidation and engages in other acts that require the recognition of shareholdings, the Board of Directors or the convenor of the shareholders' meeting shall determine the date of the shareholders' registration, and the shareholders whose names appear on the register after the close of business on the date of the shareholders' registration shall be the shareholders entitled to the relevant rights and interests.
- Article 52** Any person who requests to have his name entered to, or removed from, the register of shareholders may apply to the relevant court of authority for rectification of the register of shareholders.
- Article 53** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may, if his share certificates are lost, apply to the Company for a replacement share certificate in respect to such shares.
- Article 54** Applications for a replacement share certificate by shareholders of domestic shares and non-listed foreign shares shall be addressed pursuant to Article 143 of the Company Law.
- Article 55** Applications for a replacement share certificate by holders of overseas listed shares shall be addressed pursuant to the laws, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of holders of overseas-listed shares is maintained.
- Article 56** The Company shall not be liable to any person for any damages caused by the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 57

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

~~All classes of shareholders of the Company shall have equal rights in any distribution in the form of a dividend or any other form.~~

Article 58

Holders of ordinary shares of the Company shall have the following rights:

- (I) The right to receive dividends and other distributions in proportion to the number of shares held;
- (II) to request, convene, preside over, attend or appoint a proxy to attend general meetings of shareholders in accordance with the law, and to exercise the right to speak and vote (unless individual shareholders are required by the relevant listing rules of the place of listing of the Company to abstain from voting on individual matters);
- (III) the right to supervise, advise or inquire the operating activities of the Company;
- (IV) the right to transfer, grant or pledge its shares in accordance with laws and administrative regulations and the Company's Articles of Association;
- (V) the right to be provided with relevant information in accordance with provisions of the Articles of Association, including:
 - 1. to obtain a copy of the Articles of Association, subject to payment of the cost;

2. to ~~inspect and to~~ make duplicate copies, subject to payment at a reasonable charge, of the followings:
- (1) all parts of the register of shareholders;
 - (2) personal profiles of the Company's Directors, Supervisors, General Manager and other members of senior management including:
 - ① their present and former names and aliases;
 - ② their principal addresses (residence);
 - ③ their nationalities;
 - ④ their full-time and all other part-time occupations and duties;
 - ⑤ their identification documents and the numbers thereof;
 - (3) report(s) on the Company's share capital;
 - (4) the latest audited financial report, the report of the Board of Directors, the report of auditors, and the report of the Board of Supervisors of the Company (broken down by domestic shares and foreign shares);
 - (5) special resolutions of the Company;
 - (6) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to ~~each class of~~ shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;
 - (7) a copy of the annual inspection report that has been filed with the Administration for Industry and Commerce's Market Supervision Department or other competent authorities in China; and

- (8) minutes of shareholders' general meetings, resolutions of Board meetings, and resolutions of the Board of Supervisors' meetings.

The Company shall make available the documents mentioned in Clauses (1) to (8) other than Clause (2) above and other applicable documents at its Hong Kong office for inspection, free of charge, by the public and shareholders in accordance with requirements of the Listing Rules (the documents mentioned in Clause (8) shall be available for inspection by shareholders only).

3. Inspection of the Articles of Association, register of shareholders, corporate bond stubs, minutes of general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors, financial and accounting reports.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned above shall provide the Company with written documents indicating the class and number of shares they hold in the Company. After confirmation of the shareholder's identity, the Company shall provide such information based on the request of the shareholder.

- (VI) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;
- (VII) the repurchase is made at the request of its shareholders to repurchase their shares who disagree with shareholders' resolutions passed at a shareholders' general meeting in connection with a merger or division on the premise of fulfilling the requirements under the Company's Articles of Association and the relevant laws and regulations on the Company's share buyback procedures;
- (VIII) shareholders who individually or collectively hold more than 3% of the Company's shares shall have the rights to propose interim resolutions and submit them in writing to the Board 10 days prior to the general meeting;
- (IX) other rights conferred by the laws, administrative regulations, departmental regulations, listing rules of the place where the Company's shares are listed or the Articles of Association of the Company.

The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.

If any director or senior management personnel violate laws, administrative regulations, or the provisions of the Articles of Association, thereby harming the interests of shareholders, the shareholders may file a lawsuit in the People's Court.

Article 59

Holders of ordinary shares of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw his share capital unless required by laws or administrative regulations;
- (IV) not to abuse their shareholders' rights to harm the Company's or other shareholders' interests and not to abuse their independent status of the Company as a legal person and the limited liability of shareholders to harm the interests of the Company's creditors. If a shareholder abuses its shareholder rights and causes a loss to the Company or other shareholders, he shall be held liable for damages in accordance with the law. If a shareholder abuses the Company's independent legal person status or his limited liability as a shareholder to evade and repudiate debts, thereby materially impairing the interests of the Company's creditors, he shall bear joint and several liability for the debts of the Company;
- (V) any other obligations imposed by laws, administrative regulations and the Articles of Association.

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

A shareholder of the Company who abuses the rights of shareholders to cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. If the shareholders of the Company abuse the independent status of the Company's legal personality and the limited liability of the shareholders to evade debts and seriously jeopardize the interests of the Company's creditors, they shall be jointly and severally liable for the debts of the Company.

If a shareholder holding more than five percent of the Company's voting shares pledges his or her shares, he or she shall make a written report to the Company from the date of such fact.

Article 60

In addition to the obligations imposed by laws, administrative regulations or listing rules of the stock exchange upon which the Company's shares are listed, a controlling shareholder (as defined in the following clause) shall not exercise his voting rights in respect to the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (I) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) to approve the directors or supervisors (for their own account or for the account of other parties) to deprive the Company of its assets in any manner, including, but not limited to, any opportunity favorable to the Company;
- (III) to approve the directors or supervisors (for their own account or for the account of other parties) to deprive another shareholder of his individual interest, including but not limited to any allocation right and voting right, but excluding any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles of Association.

Article 61

The controlling shareholders and de facto controllers of the Company shall not take advantage of their affiliation to harm the interests of the Company. If the violation causes damage to the Company, it shall be liable for compensation. The controlling shareholders and de facto controllers of the Company have a duty of good faith to the Company and the shareholders of the Company's public shares. Controlling shareholders shall exercise the rights of contributors in strict accordance with the law, and controlling shareholders shall not make use of profit distribution, asset reorganization, foreign investment, capital appropriation, loan guarantees, etc. to harm the legitimate rights and interests of the Company and the shareholders of public shares, and shall not make use of their controlling position to harm the interests of the Company and the shareholders of public shares.

Article 62

For the purposes of the above Article, a controlling shareholder means a shareholder who satisfies any one of the following conditions:

- (I) any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;
- (II) any person acting on his own or in concert with other parties who has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (III) any person acting on his own or in concert with other parties who holds 30% or more of the outstanding shares of the Company;
- (IV) any person acting on his own or in concert with other parties who has actual control over the Company in any other manner;
- (V) Shareholders whose holdings of ordinary shares (including preferred shares with restored voting rights) account for more than 50 percent of the total share capital of the Company; and shareholders whose holdings of shares are less than 50 percent but whose voting rights based on their holdings are sufficient to have a significant influence on the resolutions of the general meeting of shareholders;
- (VI) Other circumstances as deemed by the securities regulatory authorities of the place where the Company's shares are listed.

CHAPTER 8 SHAREHOLDERS' GENERAL MEETINGS**Article 63**

The shareholders' general meeting is the power of authority of the Company and shall exercise its functions and powers in accordance with the laws.

Article 64

The shareholders' general meeting shall have the following functions and powers:

- (I) to decide the Company's operational directions and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives, and decide on matters related to the remuneration of directors and supervisors;

- (III) to examine and approve reports of the Board of Directors;
- (IV) to examine and approve reports of the Board of Supervisors;
- (V) to examine and approve the Company's annual preliminary and final financial budgets;
- (VI) to examine and approve the Company's profit distribution and loss recovery plans;
- (VII) to decide on the increase or reduction of the Company's registered capital;
- (VIII) to decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company;
- (IX) to decide on the issuance of debentures by the Company;
- (X) to decide on the engagement, dismissal or non-reappointment of the Company's accounting firm;
- (XI) to amend the Articles of Association;
- (XII) to consider any motions raised by shareholders who hold 3% or more of the voting shares of the Company;
- (XIII) to consider the approval of guarantees under Article 65;
- (XIV) to consider the purchase or sale of material assets by the Company within one year that exceeds thirty percent of the Company's total audited assets for the most recent period;
- (XV) to consider equity incentive plans and employee stock ownership plans;
- (XVI) other matters which are required to be determined at the shareholders' general meeting as required by laws, administrative regulations and the Articles of Association.

Article 65

The following acts of external guarantees of the Company shall be considered and approved by the shareholders' general meeting:

- (I) the total amount of external guarantees provided by the Company and the Company's controlled subsidiaries exceeds fifty percent of the latest audited net assets of the Company and its controlled subsidiaries;
- (II) the total amount of external guarantees provided by the Company exceeds thirty percent of the latest audited net assets of the Company;
- (III) the total amount of external guarantees provided by the Company within one year exceeds thirty percent of the latest audited net assets of the Company;
- (IV) provide to guarantee recipients with gearing ratios in excess of seventy percent;
- (V) the amount of a single guarantee exceeds 10 percent of the latest audited net assets of the Company;
- (VI) guarantees provided to shareholders, de facto controllers and their related parties.

Article 66

The Company shall not, without the prior approval at a shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management officers) pursuant to which such party shall be in charge of management of all of the Company's businesses or the Company's major businesses.

Article 67

A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

The Board of Directors shall convene an extraordinary general meeting within 2 months from the occurrence of any of the following circumstances:

- (I) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (II) when the unrecovered losses of the Company amount to one third of the total amount of its share capital;

- (III) when shareholder(s) holding 10% or more of the Company's outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting, under the principle of one share, one vote;
- (IV) when deemed necessary by the Board of Directors or when requested by the Board of Supervisors;
- (V) when more than two independent non-executive Directors propose to convene;
- (VI) other circumstances specified in the laws and regulations, the listing rules of the stock exchange where the Company's shares are listed, or this Articles of Association.

In the event of the aforesaid Clauses (III), (IV) and (V), the topics of the meeting proposed by the convening requester shall be included in the agenda of the meeting.

The location for the Company's general meeting is: The actual office address of the Company or such other place as may be specified in the notice of the general meeting. The general meeting will have a venue and will be held as a live meeting. The Company may also facilitate shareholders' participation in the general meeting by providing Internet voting as appropriate. Shareholders are deemed to be present if they participate in the general meeting by the means described above.

Article 68

When the Company convenes a general meeting it may, according to the actual situation engage a lawyer to issue a legal opinion on the following issues and make an announcement:

- (I) Whether the procedures for convening and holding meetings are compliance with laws, administrative regulations and the Articles of Association;
- (II) Whether the qualifications of the persons attending the meeting and the qualifications of the convenor are legal and valid;
- (III) Whether the voting procedures and results of the meeting are legal and valid;
- (IV) Legal opinions on other relevant issues issued at the request of the Company.

If there is no mandatory requirement under the Listing Rules and the regulatory rules of the place where the Company's shares are listed, the provisions thereof shall apply.

Article 69

The Independent Directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. In response to a proposal from an independent director requesting the convening of an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of the laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days of receipt of the proposal. If the Board of Directors agrees to convene an extraordinary general meeting, it will issue a notice of convening the general meeting within five days after the Board of Directors' resolution is made; if the Board of Directors does not agree to convene an extraordinary general meeting, it will state the reasons and make an announcement.

Article 70

The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit its proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days after receiving the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting of shareholders, a notice of the meeting shall be issued within five days after the Board resolution is made. Any changes to the original proposal in the notice must obtain the consent of the Supervisory Committee.

If the Board of Directors does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days of receipt of the proposal, it shall be deemed that the Board of Directors is unable to fulfill or fails to fulfill its duty to convene the general meeting, and the Board of Supervisors may convene and preside over the meeting itself.

Article 71

Shareholders who individually or collectively hold ten percent or more of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit their request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the request.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the convening of the general meeting within five days after the Board of Directors' resolution has been made, and any changes to the original request contained in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the request, the shareholders who individually or collectively hold more than ten percent of the Company's shares have the right to propose to the Board of Supervisors to convene an extraordinary general meeting, and shall submit their request in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days of receipt of the request, and any changes to the original request contained in the notice shall be subject to the consent of the shareholders concerned.

If the Board of Supervisors fails to give notice of a general meeting within the prescribed period, it shall be deemed that the Board of Supervisors does not convene and preside over the general meeting, and that shareholders who have held, individually or in the aggregate, more than ten percent of the Company's shares for more than ninety (90) consecutive days may do so themselves.

Article 72

If the Board of Supervisors or shareholders decides to convene a general meeting, the Board of Supervisors or the shareholders shall notify the Board of Directors in writing and at the same time file a record with the Stock Exchange. The shareholding of the convening shareholders shall not be less than ten percent prior to the announcement of the resolution of the general meeting. The Board of Supervisors or the convening shareholder shall submit the relevant supporting documents to the Stock Exchange when issuing the notice of the general meeting and the announcement of the resolution of the general meeting.

- Article 73** The Board of Directors and the Secretary of the Board of Directors shall cooperate with the general meeting convened by the Board of Supervisors or the shareholders themselves. The Board of Directors shall provide a register of shareholders as at the date of the share register.
- Article 74** When the Company convenes the annual general meeting, a written notice of the meeting shall be provided in no less than twenty days prior to the date of the meeting to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting. When the Company convenes the extraordinary general meeting, a written notice of the meeting shall be provided in no less than fifteen days prior to the date of the meeting to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting.
- Article 75** For a general meeting convened by the Board of Supervisors or by the shareholders themselves, the Company shall bear the expenses necessary for the meeting.
- Article 76** A annual general meeting, extraordinary general meeting shall not transact business not stated in the notice of meeting.
- Article 77** Notice of the shareholders' general meeting shall **include the following**:
- (I) be given in writing;
 - (II) specify the time, place and date of the meeting;
 - (III) set out the matters and proposals to be considered at the meeting;
 - (IV) ~~provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes, but is not limited to, a merger proposal, share repurchase, share capital restructuring or other restructuring. The specific terms and contract (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;~~

- ~~(V)~~ — ~~disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager and other senior management officer in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered will affect such director, supervisor, general manager and other senior management officer in his/her capacity as shareholders and the way in which such matter will affect other shareholders of the same class;~~
- ~~(VI)~~ — ~~contain the full text of any special resolution proposed to be passed at the meeting;~~
- ~~(VHIV)~~ contain a clear statement that all holders of ordinary shares (including preferred shareholders whose voting rights have been restored) are entitled to attend the general meeting and may appoint proxies in writing to attend and vote at the meeting, and that such proxies need not be shareholders of the Company;
- ~~(VHV)~~ specify the time and place for lodging proxy forms for the relevant meeting;
- ~~(IXVI)~~ state the name and telephone number of the permanent connected person;
- ~~(XVII)~~ shareholder registration date for shareholders entitled to attend the general meeting;
- ~~(XVIII)~~ voting times and procedures for voting on the Internet or by other means.

A copy of the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or the summary financial report shall, at least 21 days before the date of the shareholders' general meeting, be delivered to every member.

Article 78

After the notice of the general meeting has been given, the general meeting shall not be postponed or canceled without a valid reason, and the proposals specified in the notice of the general meeting shall not be canceled. In the event of postponement or cancellation, the convenor shall make an announcement at least two working days prior to the original convening date and state the reasons.

Article 79

Where a general meeting intends to discuss matters relating to the election of directors and supervisors, the notice of the general meeting of shareholders shall fully disclose the details of the candidates for directors and supervisors, including at least the following:

- (I) Personal information such as educational background, work experience and part-time jobs;
- (II) Whether there is any connection with the Company or the Company's controlling shareholders and de facto controllers;
- (III) Disclosure of the number of shares held in the Company;
- (IV) Whether it has been penalized by the China Securities Regulatory Commission and other relevant authorities and disciplined by the stock exchange.

In addition to the adoption of the cumulative voting system for the election of directors and supervisors, each candidate for director or supervisor shall be submitted as a single proposal.

Article 80

The contents of a proposal shall fall within the terms of reference of the general meeting, have a clear topic and specific matters for resolution, and be in compliance with the relevant provisions of laws, administrative regulations and the Articles of Association.

Article 81

When the Company convenes a general meeting, the Board of Directors, the Supervisors Board, and shareholders who individually or collectively hold more than three percent of the Company's shares shall have the right to submit proposals to the Company. The Company shall include in the agenda of a general meeting those matters contained in the proposal that are within the scope of the duties of the general meeting. Shareholders who individually or collectively hold more than three percent of the Company's shares may make a provisional proposal and submit it in writing to the convenor ten days prior to the date of the general meeting. The convenor shall send a supplementary notice of the general meeting to announce the contents of the provisional proposal within two days of receipt of the proposal. Except for the cases stipulated in the preceding paragraph, the convenor shall not amend the proposals already set forth in the notice of the general meeting or add new proposals after the issuance of the notice of the general meeting announcement.

No vote shall be taken and no resolution shall be made at the General Meeting on any proposal which is not set forth in the notice of the General Meeting or which does not comply with the provisions of Article 82 of the Articles of Association.

Article 82

The accidental omission to give notice of a meeting to, or the nonreceipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting or any resolution adopted at that meeting.

Article 83

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

- (I) have the same right as the shareholder to speak at the meeting;
- (II) have right to individually or jointly in demanding a poll;
- (III) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

Article 84

The proxy form shall be in writing, either to be executed by the appointer or by power of attorney. Should the appointer be a legal entity, then such proxy form shall be executed with the company seal or by its Directors or the legal representative.

The form of proxy appointing another person to attend a shareholders' general meeting produced by a shareholder shall state the following:

- (I) name of the proxy;
- (II) whether he/she has the voting right;
- (III) instructions as to vote for or vote against or abstain from voting in relation to each matter on the agenda to be examined at the shareholders' general meeting;
- (IV) issuing date and validity period of the proxy form;
- (V) signature (or chop) of the appointor. If the appointor is a domestic corporate shareholder, the corporation's seal shall be affixed;

(VI) the number of shares represented by each proxy on behalf of each appointer.

If several persons are authorized as the proxies of the shareholder, the proxy form shall specify the number of the shares to be represented by each proxy.

If the shareholder is an authorized clearing house or its agent as defined in the relevant regulation enacted from time to time in Hong Kong, such shareholder is entitled to authorize one or more persons as his proxy at any shareholders' general meeting ~~or any class meeting~~ as he thinks fit. However, if more than one person is authorized, the proxy forms shall state clearly the number of shares and the class of shares represented by each of the proxies and be signed by a person empowered by the recognized clearing house. The person so appointed may exercise the rights (without being required to present share certificate, certified statement of proxy and/or further evidence of due authorization) of the recognized clearing house (or its agent) to attend the meeting, as if he was or were (an) individual shareholder(s) of the Company.

Article 85

The proxy form 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 in no less than 24 hours prior to the time of the meeting at which the proxy proposes to vote, or the time appointed for voting. In the event that such instrument is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized, and such notarized authorization or other instrument 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 at the same time. In the event that an appointer is a legal entity, its legal representative or such person as authorized by a resolution of its Board of Directors or other governing body may attend the shareholders' general meeting of the Company in the capacity of a representative.

Article 86

Any form issued to a shareholder by the Board of Directors of the Company for the appointment of a proxy by the shareholder shall enable the shareholder to instruct the proxy to vote for or against each resolution with respect to businesses to be transacted at the meeting. Such forms shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in his/her own discretion.

- Article 87** Where the appointer has died, became incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to voting, a vote given by the proxy in accordance with the power of attorney shall remain valid until written notice of such event has been received by the Company.
- Article 88** The Board of Directors and other conveners of the Company shall take necessary measures to ensure the normal order of the General Meeting. Measures will be taken to stop any interference with the general meeting, provocation and infringement of the legitimate rights and interests of shareholders and shall be promptly reported to the relevant authorities for investigation and handling.
- Article 89** All common shareholders (including preferred shareholders whose voting rights have been restored) or their proxies registered on the share registration date shall have the right to attend the general meeting and exercise their voting rights in accordance with the relevant laws and regulations and the Articles of Association.
- Shareholders may attend the general meeting in person or appoint a proxy to attend and vote on their behalf.
- Article 90** If an individual shareholder attends the meeting in person, he/she shall present his/her ID card or other valid documents or certificates that can indicate his/her identity, and his/her stock account card; if he/she entrusts another person to act as his/her proxy to attend the meeting, he/she shall present his/her valid ID card and the shareholder's power of attorney;
- Legal shareholders shall be represented at the meeting by their legal representatives or proxies entrusted by the legal representatives. If the legal representative attends the meeting, they must present their ID card and valid proof of their qualification as the legal representative; if a proxy attends the meeting, the proxy must present their ID card and a power of attorney issued legally by the legal representative of the corporate shareholder.
- Article 91** The Company shall be responsible for the production of the meeting register of those attending the meeting. The register of the meeting shall contain the names (or unit names) of the persons attending the meeting, their identity card numbers, the number of shares held or represented by them with the right to vote, and the names (or unit names) of their proxies, etc.

Article 92

The Convener and the attorney hired by the Company shall jointly verify the legitimacy of the shareholders' qualifications based on the register of shareholders provided by the securities registrar and clearing house, and register the names (or titles) of the shareholders and the number of shares for which they hold voting rights. Registration for the meeting shall be closed until the presiding officer of the meeting announces the number of shareholders and proxies present on-site at the meeting and the total number of shares holding voting rights.

Article 93

When a general meeting is convened, all Directors, Supervisors and the Secretary of the Board of Directors of the Company shall be authorized to attend the meeting.

Article 94

The general meeting shall be presided over by the Chairman of the Board of Directors. If the Chairman of the Board ~~Of~~ Directors is unable to perform his or her duties or fails to perform his or her duties, the vice chairman of the board of directors (in the case of the Company having two or more vice chairmen, the vice chairman of the board of directors jointly elected by more than half of the directors) shall preside over the meeting, and in the case of the vice chairman of the board of directors being unable to perform his or her duties or failing to perform his or her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

The Chairman of the Board of Supervisors shall preside over the general meeting convened by the Board of Supervisors itself. In the event that the Chairman of the Board of Supervisors is unable to perform his/her duties or does not perform his/her duties, a Supervisor jointly elected by more than half of the Supervisors shall preside over the meeting.

In the case of a general meeting convened by the shareholders themselves, the convenor shall elect a representative to preside over the meeting.

If the presiding officer of a general meeting violates the Rules of Procedure to prevent the general meeting from continuing, the general meeting may elect a person to act as the presiding officer and continue the meeting with the consent of the shareholders present at the general meeting on-site with a majority of the voting rights.

- Article 95** The Company may formulate rules of procedure for the general meeting in accordance with the actual situation, setting out in detail the procedures for convening and voting at the general meeting, including notification, registration, deliberation of proposals, voting, counting of votes, announcement of voting results, formation of resolutions at the meeting, minutes of the meeting and their signatures, and announcements, etc., as well as the principle of authorization of the general meeting to the Board of Directors, and the content of such authorization shall be clear and specific. The Rules of Procedure of the General Meeting shall be annexed to the Articles of Association, drawn up by the Board of Directors and approved by the general meeting.
- Article 96** At the annual general meeting, the Board of Directors and the Board of Supervisors shall report to the general meeting on their work in the past year. Each independent director shall also make a debriefing report. If there is no mandatory requirement under the Listing Rules and the regulatory rules of the place where the Company's shares are listed, the provisions thereof shall apply.
- Article 97** Directors, supervisors and senior management shall provide explanations and clarifications on shareholders' inquiries and suggestions at general meetings.
- Article 98** The presiding officer of the meeting shall announce the number of shareholders and proxies attending the meeting on-site and the total number of shares holding voting rights before voting, and the number of shareholders and proxies attending the meeting on-site and the total number of shares holding voting rights shall be based on the registration of the meeting.
- Article 99** The general meeting shall have minutes, which shall be taken by the Secretary of the Board of Directors. The minutes record the following:
- (I) the time, place and agenda of the meeting and the name or names of the convenor;
 - (II) the name of the presiding officer of the meeting and the directors, supervisors, general manager and other senior management attending or present at the meeting;
 - (III) the number of shareholders and proxies attending the meeting, the total number of shares holding voting rights and the percentage of the total number of shares of the Company;

- (IV) consideration of each proposal, highlights of statements and voting results;
- (V) shareholders' queries or suggestions and the corresponding replies or explanations;
- (VI) the names of the attorneys and tellers and scrutineers;
- (VII) other elements that should be included in the minutes as provided for in the Articles of Association.

Article 100

The convenor shall ensure that the contents of the minutes are true, accurate and complete. The directors, supervisors, secretary of the Board of Directors, the convenor or his/her representative, and the presiding officer of the meeting who are present at the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept together with the register of signatures of shareholders attending on-site and the power of attorney for proxy attendance, as well as the valid information on voting by internet and other means, for a period of not less than ten years.

Article 101

The Convener shall ensure that the general meeting is held continuously until a final resolution is reached. In the event that the general meeting of shareholders is suspended or a resolution cannot be made due to force majeure or other special reasons, necessary measures shall be taken to resume the convening of the general meeting as soon as possible or to directly terminate the current general meeting, and a timely announcement shall be made. At the same time, the convenor shall report to the dispatching authorities of the China Securities Regulatory Commission and the stock exchange where the company is located.

Article 102

Resolutions of shareholders' general meetings are classified as ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Article 103 Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right at the shareholders' general meeting.

Where any shareholder is required under the Listing Rules to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, he shall abstain from voting according to such regulations, and any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 104 A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken immediately. A poll demanded on any other matter shall be taken at such time during the meeting as the chairman directs, and the meeting may proceed to discuss other matters. The results of the poll to be taken shall still be deemed to be a resolution passed at that meeting.

Article 105 On a poll taken at a meeting, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 106 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

Article 107 The following matters shall be resolved by way of ordinary resolutions at a shareholders' general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) plans for profit distribution and recovery of losses drafted by the Board of Directors;
- (III) appointment or removal of members of the Board of Directors and the Board of Supervisors, and their remuneration and method of payment thereof;
- (IV) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (V) the annual report of the Company;

- (VI) the resolution on the Company's engagement, dismissal or non-renewal of the accounting firm and the accounting firm's remuneration or remuneration recognition method;
- (VII) any matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolution.

Article 108

The following matters shall be approved by special resolutions at a shareholders' general meeting:

- (I) increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;
- (II) issuance of debentures of the Company;
- (III) demerger, merger, dissolution and liquidation of the Company, and change of corporate form of the Company;
- (IV) amendment to the Articles of Association;
- (V) consideration of any acquisition or disposal of any material asset (including, but not limited to, land, houses, equipment, production lines, equity) or the aggregated amount of guarantee which exceeds 30% of the latest audited total assets of the Company for the most recent year;
- (VI) Equity incentive plans;
- (VII) any other matters prescribed by laws, administrative regulations or the Articles of Association, as well as any other matters which, in the opinion of the general meeting passed by an ordinary resolution, will have a material impact on the Company and which need to be passed by a special resolution.

"Within one year" stated above refers to "within one fiscal year".

Article 109

Shareholders requesting the convening of extraordinary general meetings ~~or class meetings~~ shall follow the procedures listed below:

- (I) Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting ~~or a class meeting~~ and stating the subject of the meeting. The Board of Directors shall convene an extraordinary general meeting ~~or a class meeting~~ as soon as possible after having received the aforesaid written request. The abovementioned shareholding shall be calculated as of the day on which the written request is made.
- (II) Where the Board fails to issue notice of convening meeting within 30 days upon receipt of the above written request, shareholders who make such request may request the Board of Supervisors to convene the extraordinary general meeting ~~or class shareholders' meeting~~.
- (III) Where the Board of Supervisors fails to issue notice of convening meeting within 30 days upon receipt of the above written request, shareholder(s), for more than 90 consecutive days, individually or collectively holding more than 10% of the shares carrying voting rights at the meeting to be convened may convene the meeting on their own accord within four months upon the Board having received such request. The convening procedures shall, to the extent possible, be identical to procedures according to which general meetings are to be convened by the Board.

All reasonable expenses incurred for such meeting convened by the shareholders or Board of Supervisors as a result of the failure of the Board of Directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors or supervisors.

Article 110

The meeting chair shall determine whether a resolution at a shareholders' general meeting has been passed. His/her decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

- Article 111** If the meeting chair has any doubt as to the result of any resolution put to the vote, he may have the votes counted. If the meeting chair does not count the votes counted, any attending shareholder or proxy who objects to the result announced by the meeting chair may demand that the votes be counted immediately after the declaration of the voting result, and the meeting chair shall have the votes counted immediately.
- Article 112** If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting.
- The minutes of the meeting together with the attendance records signed by the attending shareholders and proxy forms shall be kept at the address of the Company.
- Article 113** Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days following the receipt of reasonable fees.
- Article 114** If the content of the resolution of the general meeting or the Board of Directors of the Company violates laws or administrative regulations, the shareholders shall have the right to request the People's Court to recognize it as invalid.
- If the procedures for convening a meeting or the voting method of the general meeting or the Board of Directors violate the laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the shareholders shall have the right to request the People's Court to revoke it within sixty days from the date on which the resolution is made.
- Article 115** When matters relating to connected transactions are considered at a general meeting, connected shareholders shall not participate in the voting, and the number of voting shares represented by them shall not be counted in the total number of valid votes cast; the announcement of the resolution of the general meeting shall fully disclose the votes of the non-connected shareholders.

- Article 116** Except in special circumstances, such as when the Company is in crisis, the Company shall not enter into a contract with a person other than a director, general manager, or other senior executive officer that places the management of the Company's entire or important business in that person's charge, except with the approval of the general meeting by means of a special resolution.
- Article 117** The list of candidates for Directors and Supervisors shall be submitted to the general meeting for voting by way of a proposal.
- When voting on the election of Directors and Supervisors at a general meeting, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or a resolution of the general meeting.
- The cumulative voting system referred to in the preceding paragraph means that in the election of directors or supervisors at a general meeting, each share shall have the same number of voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders may be utilized in a centralized manner. The Board of Directors shall announce to the shareholders the resumes and basic information of the candidate directors and supervisors.
- Article 118** In addition to the cumulative voting system, the general meeting shall vote on all proposals one by one, and if there are different proposals on the same matter, the proposals will be voted on in the order in which they were submitted. The general meeting shall not set aside or withhold a vote on a proposal unless the general meeting is adjourned or is unable to reach a resolution due to special reasons such as force majeure.
- Article 119** The general meeting shall consider proposals without amending them, otherwise the changes in question shall be considered a new proposal and cannot be voted on at the general meeting.
- Article 120** Only one of the on-site, online or other voting methods may be selected for the same voting right. In the event of a duplicate vote on the same voting right, the result of the first vote shall prevail.
- Article 121** The general meeting shall be voted by registered vote.

- Article 122** Before the general meeting votes on a proposal, two representatives of shareholders shall be elected to participate in the counting and supervising of votes, and where there is a relationship with shareholders, the relevant shareholders and their proxies shall not participate in the counting of votes or supervise the counting of votes.
- Article 123** The general meeting shall end on-site no earlier than online or otherwise, and the presiding officer of the meeting shall announce the vote on each proposal and the result thereof, and whether or not the proposal has been adopted on the basis of the result of the vote.
- Before the formal announcement of the voting results, the Company, the tellers, the scrutineers, the major shareholders, the network service provider and other relevant parties involved in the on-site, online and other voting methods of the general meeting shall be under a duty of confidentiality with respect to the voting situation.
- Article 124** Shareholders attending the general meeting shall express one of the following opinions on the proposals submitted for voting: for, against or abstain. The securities registration and settlement institutions, as the nominal holder of stocks traded in the stock markets of the Mainland and Hong Kong under the Connectivity Mechanism, shall not be allowed to make a declaration in accordance with the intention of the actual holder. Votes that are not filled in, incorrectly filled in, illegible, or not cast shall be deemed to be a waiver of the voter's right to vote, and the number of shares held by the voter shall be counted as an "abstention".
- Article 125** Resolutions of the general meeting shall be announced in a timely manner, and the announcement shall set out the number of shareholders and proxies attending the meeting, the total number of shares holding voting rights and their proportion to the total number of voting shares of the Company, the manner of voting, the results of the voting on each proposal and the details of the resolutions adopted.
- Article 126** If a proposal is not passed, or if the current general meeting changes the resolution of the previous general meeting, a special reminder shall be made in the announcement of the resolution of the general meeting.
- Article 127** In the event that a proposal for the election of Directors and Supervisors is approved at a general meeting, the new Directors and Supervisors shall take office at the time when the resolution is approved at the general meeting.

Article 128 In the event that the general meeting adopts a proposal regarding cash distribution, stock dividends or capitalization of capital surplus, the Company shall implement the specific plan within two months after the general meeting of Shareholders.

~~CHAPTER 9—SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS~~

Article 129 ~~Shareholders holding different classes of shares are referred to as class shareholders.~~

~~A class shareholder shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and the Articles of Association.~~

~~Where the share capital of the issuer includes shares that do not carry voting rights, the words “non-voting” must appear on the name of such shares. Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.~~

Article 130 ~~Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a shareholders’ general meeting and by the affected class shareholders at a separate shareholders’ meeting convened in accordance with Articles 96 to 100 hereof.~~

~~Subject to the approval of the CSRC and the Hong Kong Stock Exchange, holders of domestic shares, non-listed foreign shares of the Company may transfer all or part of the shares held by them to foreign investors and have the shares listed and traded overseas, or the conversion of all or part of domestic shares into overseas listed foreign shares for listing and trading on overseas stock exchange(s), shall not be deemed as the Company’s intention to vary or abrogate the rights of any class of shareholders.~~

Article 131 ~~The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:~~

- ~~(1) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to the shares of such class;~~

- ~~(H) To effect a change of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into those of such class;~~
- ~~(HH) To remove or reduce the rights in respect to accrued dividends or the cumulative dividends attached to shares of such class;~~
- ~~(IV) To reduce or remove the preferential rights attached to shares of such class to receive dividends or to the distribution of assets in the event that the Company is liquidated;~~
- ~~(V) To add, remove or reduce the share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;~~
- ~~(VI) To remove or reduce the rights to receive payables from the Company in a particular currency attached to shares of such class;~~
- ~~(VII) To create a new class of shares with voting right, distribution right or other privileges equal or superior to those of the shares of such class;~~
- ~~(VIII) To restrict the transfer or ownership of shares of such class or to impose additional restrictions thereto;~~
- ~~(IX) To grant the right to subscribe for, or convert into, shares of such or another class;~~
- ~~(X) To increase the rights and privileges of shares of another class;~~
- ~~(XI) To make a restructuring scheme which will result in the holders of different classes of shares bearing a disproportionate burden of obligations under such restructuring;~~
- ~~(XII) To vary or abrogate any provision of this Chapter.~~

Article 132

~~Shareholders of the affected class, whether or not otherwise entitled to vote at the shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect to matters concerning sub-paragraphs (H) to (VIII), (XI) and (XII) of Article 131 hereof, but the interested shareholder(s) shall not be entitled to vote at class meetings.~~

~~“Interested shareholder(s)” as mentioned herein means:~~

- ~~(I) In the case of a repurchase of shares by the Company by pro-rata offers to all shareholders or by way of on-market dealing on the Stock Exchange under Article 32 hereof, a “controlling shareholder” as defined in Article 62 hereof;~~
- ~~(II) In the case of a repurchase of shares by the Company outside the Stock Exchange by way of agreement under Article 32 hereof, a shareholder who is related to the agreement;~~
- ~~(III) In the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.~~

Article 133

~~Resolutions of a class meeting shall be passed by shareholders present at the meeting representing two-thirds or more of the voting rights in accordance with Article 132 hereof.~~

Article 134

~~In the event that the Company convenes a class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class fifteen days prior to the date of the class meeting, specifying the matters proposed to be considered and the date and place of the meeting.~~

~~Where the number of shares carrying rights to vote at the meeting held by the shareholders intending to attend the meeting reaches half or more of the total number of shares of such class carrying rights to vote at the meeting, the Company may hold the class meeting based thereon. If it does not reach that percentage, the Company shall within 5 days notify the shareholders again, by way of public announcement, of the matters to be considered at, and the date and place for, the meeting. Once an announcement has been so made, the Company may convene the class meeting.~~

~~If the listing rules of the stock exchange(s) on which the Company’s shares are listed have specific provisions, such provisions shall be complied with.~~

Article 135

~~The notice of the class meeting shall only be served to shareholders entitled to vote thereat.~~

~~A class meeting shall be held under procedures as similar as possible to a shareholders' general meeting. The provisions of the Articles of Associations which relate to the convening of shareholders' general meetings shall apply to class meetings.~~

Article 136

~~In addition to holders of other classes of shares, holders of domestic shares and unlisted foreign shares are deemed to be the same class of shareholders, holders of domestic shares and overseas-listed shares are deemed to be different classes of shareholders, holders of unlisted foreign shares and overseas-listed shares are deemed to be different classes of shareholders.~~

~~The special voting procedures for class meetings shall not apply to the following circumstances:~~

- ~~(I) Where the Company recognises, allocates or issues, upon approval by a special resolution of its shareholders in a general meeting (under an unconditional mandate or subject to terms and conditions provided by the resolution), either separately or concurrently every 12 months, not more than 20% of each of the existing issued domestic shares and overseas-listed shares;~~
- ~~(II) Where the Company's plan to issue domestic shares and overseas-listed shares at the time of its establishment is implemented within 15 months from the date of approval by the China Securities Regulatory Commission or the securities regulatory authority of the State Council;~~
- ~~(III) Subject to the approval of the CSRC and the consent of the Hong Kong Stock Exchange, holders of domestic shares, non-listed foreign shares of the Company may transfer all or part of the shares held by them to foreign investors and have the shares listed and traded overseas, or the conversion of all or part of domestic shares or non-listed foreign shares into overseas-listed foreign shares for listing and trading on overseas stock exchange(s).~~

CHAPTER 109 BOARD OF DIRECTORS**Article ~~137~~129**

The Company shall establish a Board of Directors, which shall comprise 6 directors. There shall be 3 executive directors, 3 independent non-executive directors who are not shareholders of the Company and do not hold any positions within the Company. There shall be one chairman of the Board of Directors. The Chairman is elected by the Board of Directors. The proportion of directors of the Board of Directors who are members of senior management and employee representatives should comply with the relevant regulations. There may be a vice-chairman. The Chairman and Vice Chairman are elected by the Board of Directors by a majority of all directors.

Article ~~138~~130

Directors shall be elected or replaced by the shareholders in general meeting and may be removed by the shareholders in general meeting before the expiration of their terms of office for a term of three years from the date of their assumption of office until the expiration of the term of office of the current Board of Directors. If a director's term of office expires without a timely re-election, the original director shall still fulfill his/her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the re-elected director assumes office. A Director may be re-elected upon expiration of his/her term of office. Directors may be concurrently held by manager or other senior management officers, but the total number of directors concurrently holding the positions of managers or other senior management officers, as well as directors held by employee representatives, shall not exceed one-half of the total number of directors of the Company.

A written notification of intent to nominate a director candidate and the candidate's willingness to be nominated should be submitted to the Company no less than seven days before the convention of the shareholders' general meeting.

Subject to the relevant laws and regulations, and the regulatory rules governing the listing of the Company, if the Board of Directors appoints a new director to fill a casual vacancy or as an addition to the Board of Directors, the term of office of the appointed director shall expire at the next shareholders' annual general meeting and shall then be eligible for re-election and re-appointment.

The minimum length of the period, during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, will be at least 7 days, which will commence the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

The chairman of the Board of Directors shall be elected or removed by more than one half of all directors. The term of office of the chairman shall be three years and is renewable upon reelection.

Subject to the relevant laws and administrative regulations, a director may be removed by an ordinary resolution before the expiration of his term of office (but without prejudice to any claim which such director may here for damages under any contract).

A director is not required to hold any shares of the Company.

The number of independent non-executive directors shall not be less than three and shall represent one third or above of the Board of Directors; and at least one independent non-executive director must possess appropriate professional qualification or demonstrate adequate accounting or relevant financial management expertise. Moreover, at least one of the independent non-executive directors must be ordinarily resident in Hong Kong.

In addition, the Board of Directors of the Company shall include at least one-half of external directors.

Article ~~139~~131

The Board of Directors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (I) To convene the shareholders' general meeting and report to the shareholders' general meeting;
- (II) To implement the resolutions adopted at shareholders' general meetings;
- (III) To decide on the Company's business plans and investment plans;
- (IV) To formulate the Company's annual financial budgets and final accounts;

- (V) To formulate the Company's proposals on profit distribution and plan for recovery of losses;
- (VI) To formulate plans to increase or reduce the registered capital of the Company and to issue bonds or other securities of the Company and to list them;
- (VII) To formulate plans for major acquisitions of the Company, acquisition of the Company's shares or mergers, demergers, dissolutions and changes in the form of the Company;
- (VIII) Within the scope of authorization by the general meeting, to decide on the Company's foreign investment, acquisition and sale of assets, asset mortgages, external guarantee matters, entrusted financial management, connected transactions, external donations and other matters;
- (IX) Decide on the establishment of the internal management organization of the Company;
- (X) Decide on the appointment or dismissal of the Company's manager, secretary of the Board of Directors and other senior management personnel, and decide on matters of their remuneration and matters of rewards and punishments; on the basis of the manager's nomination, decide on the appointment or dismissal of the Company's deputy manager, the person in charge of finance and other senior management personnel, and decide on matters of their remuneration and matters of rewards and punishments;
- (XI) To formulate the Company's basic management system;
- (XII) To formulate a plan for the amendment of the Company's Articles of Association;
- (XIII) To manage the disclosure matters of the Company;
- (XIV) To propose to the general meeting to engage or replace the accounting firm that audits the Company;
- (XV) To receive reports on the work of the Company's manager and to inspect the manager's work;
- (XVI) Other powers and functions conferred by laws, administrative regulations, departmental rules or the Articles of Association.

With the exception of matters specified in sub-paragraphs (VI), (VII) and (XII) which shall be passed by two-thirds or more of the directors, the resolutions of the Board of Directors in respect to any other aforesaid matters may be passed by more than half of all directors.

Article ~~140~~132

The Board of Directors of the Company shall establish an Audit Committee and relevant specialized committees such as strategy, nomination, remuneration and evaluation as required. Specialized committees are accountable to the Board of Directors and perform their duties in accordance with this Articles of Association and the authority delegated to them by the Board of Directors, and proposals shall be submitted to the Board of Directors for consideration and decision. The members of the specialized committees are all composed of directors, with independent directors constituting the majority of the Audit Committee, Nomination Committee, and Remuneration and Evaluation Committee and serving as convenors, and the convenor of the Audit Committee being an accounting professional. The Board of Directors is responsible for formulating the working procedures of the specialized committees and regulating the operation of the specialized committees.

Article ~~141~~133

The Board of Directors of the Company shall give an explanation to the general meeting on the non-standard audit opinion issued by the certified public accountants on the Company's financial reports.

Article ~~142~~134

The Board of Directors may establish rules of procedure for the Board of Directors to ensure that the Board of Directors implements the resolutions of the general meeting, improves efficiency and ensures scientific decision-making.

Article ~~143~~135

The Board of Directors shall determine the authority of foreign investment, acquisition and sale of assets, pledge of assets, external guarantee matters, entrusted financial management, connected transactions, and external donations, and establish strict review and decision-making procedures; major investment projects shall be evaluated by relevant experts and professionals and reported to the general meeting for approval.

Article ~~144~~136

A Director who fails to attend two consecutive meetings of the Board of Directors in person and does not delegate another Director to attend the meeting is deemed unable to fulfill his/her duties, and the Board of Directors shall recommend to the general meeting to remove him/her.

Article ~~145~~137

A director may resign before the expiration of his term of office. The resignation of a director shall be submitted in writing to the Board of Directors. Board of Directors shall disclose the situation within two days. In the event that the Company's Board of Directors falls below the quorum due to the resignation of a director, the original director shall still perform the duties of a director in accordance with the laws, administrative regulations, departmental rules and the provisions of the Articles of Association until the re-elected director assumes office. Except for the cases listed in the preceding paragraph, the resignation of a director shall take effect when the resignation report reaches the Board of Directors.

Article ~~146~~138

A director whose resignation takes effect or whose term of office expires shall complete all formalities of transfer to the Board of Directors, and his/her duty of loyalty to the Company and the shareholders shall not be discharged after the expiration of his/her term of office and shall remain in force for a reasonable period of time as stipulated in the Articles of Association.

Article ~~147~~139

No director shall act on behalf of the Company or the Board of Directors in his or her personal capacity without the provisions of the Articles of Association or the legal authorization of the Board of Directors. When a director acts in his or her personal capacity, he or she shall declare his or her position and identity in advance, where a third party would reasonably believe that the director is acting on behalf of the Company or the Board of Directors.

Article ~~148~~140

A director who violates laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the performance of his/her duties with the Company and causes losses to the Company shall be liable for compensation.

Article ~~149~~141

The independent directors shall act in accordance with the relevant provisions of the laws, administrative regulations, the CSRC and the stock exchanges.

Article ~~150~~142

Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Board of Supervisors may propose to convene an extraordinary meeting of the Board of Directors. The Chairman of the Board of Directors shall convene and preside over a meeting of the Board of Directors within ten days from the date of receipt of the proposal.

Article ~~151~~143

The Board of Directors shall give notice of an extraordinary meeting of the Board of Directors in the following manner: WeChat, e-mail, in-person delivery, facsimile, special delivery, registered airmail; the time limit for notification of a temporary board meeting is five days before the meeting.

Article ~~152~~144

The notice of a meeting of the Board of Directors shall consist of the following elements:

- (I) date and place of the meeting;
- (II) duration of the meeting;
- (III) subject matter and issues;
- (IV) the date of the notification.

Article ~~153~~145

A director who is related to an enterprise involved in a matter resolved at a meeting of the Board of Directors shall not exercise his/her voting right on the resolution, nor shall he/she exercise his/her voting right on behalf of other directors. Such Board of Directors meeting can be held with the attendance of a majority of the unrelated directors, and resolutions made at the Board of Directors meeting must be passed by a majority of the unrelated directors. If the number of unrelated directors attending the meeting of Board of Directors is less than three, the matter shall be submitted to the general meeting for consideration.

Article ~~154~~146

The minutes of the Board of Directors' meetings shall include the following:

- (I) the date and place of the meeting and the name of the convenor;
- (II) ~~The~~the names of the Directors present and the names of the Directors (proxies) who have been delegated to attend the Board of Directors;
- (III) agenda of the meeting;
- (IV) directors' speaking points;
- (V) ~~The~~the manner and result of voting on each resolution (the result of the voting shall indicate the number of votes in favor, against or abstentions).

Article ~~155~~147

The Board of Directors shall not, without the approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet tabled before the shareholders in a general meeting.

For the purposes of this Article, the term "disposal of fixed assets" includes an act involving the transfer of an interest in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by a breach of the first paragraph of this Article.

Article ~~156~~148

The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over the general meeting and convene and preside over the meetings of the Board of Directors;
- (II) supervising and checking the implementation of the resolutions of the Board of Directors;
- (III) To exercise any other functions and powers granted by the Board of Directors.

Article ~~157~~149

The vice-chairman of the Company shall assist the chairman of the Board of Directors, and if the chairman of the Board of Directors is unable to perform his duties or fails to perform his duties, the vice-chairman of the Board of Directors shall perform his duties (in the event that the Company has two or more vice-chairmen, the vice-chairman of the Board of Directors shall perform his duties as jointly elected by more than half of the directors); and in the event that the vice-chairman of the Board of Directors is unable to perform his duties or fails to perform his duties, a director shall be jointly elected by more than half of the directors to perform his duties.

Article ~~158~~150

Directors of the Company are natural persons who cannot serve as directors of the Company if they have any of the following circumstances:

- (I) A person without or with limited capacity for civil conduct;
- (II) A person who has been sentenced for embezzlement, bribery, encroachment of property, misappropriation of property, or disruption of the socialist market economic order and has not yet exceeded five years in the execution of the sentence, or a person who has been deprived of political rights for the commission of a crime and has not yet exceeded five years in the execution of the sentence;
- (III) A person who is a director or factory director or manager of a company or enterprise in bankruptcy and liquidation and who is personally liable for the bankruptcy of the company or enterprise has not exceeded three years from the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) A person who serves as a legal representative of a company or enterprise whose business license has been revoked or ordered to be closed due to a violation of law and who bears personal responsibility for it has not exceeded three years from the date of the revocation of the business license of the company or enterprise;
- (V) A person has a debt of a substantial amount that is not discharged when it falls due;
- (VI) A person who has been banned from the securities market by the CSRC for a period that has not yet expired;
- (VII) Other contents prescribed by laws, administrative regulations or departmental rules.

Article ~~159~~151

The directors shall abide by the laws, administrative regulations and the Articles of Association and owe the following duties of loyalty to the Company:

- (I) Shall not use his/her position to accept bribes or other illegal income, and shall not misappropriate the Company's property;
- (II) Shall not misappropriate the Company's funds;

- (III) Shall not open an account to store company assets or funds in his/her personal name or in the name of any other individual;
- (IV) Shall not, in violation of the provisions of the Articles of Association, without the consent of the general meeting or the Board of Directors, lend the Company's funds to others or provide guarantees for others with the Company's property;
- (V) Shall not enter into contracts or transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting;
- (VI) Shall not, without the consent of the general meeting, utilize the convenience of his/her position to seek business opportunities for himself/herself or others that should belong to the Company, and to engage in the operation of business of the same kind as that of the Company on his/her own account or on behalf of others;
- (VII) Shall not accept commissions from transactions with the Company for his or her own benefit;
- (VIII) Shall not disclose the Company's secrets without authorization;
- (IX) Shall not take advantage of his/her affiliation to the detriment of the Company's interests;
- (X) Other duties of loyalty as stipulated by laws and regulations, departmental rules and the Articles of Association.

Income derived by a director in violation of the provisions of this Article shall belong to the Company; if it causes losses to the Company, he or she shall be liable for compensation.

Article ~~160~~152

The directors shall abide by the laws, administrative regulations and the Articles of Association and owe the following duties of diligence to the Company:

- (I) Shall exercise the rights granted by the Company in a prudent, conscientious and diligent manner so as to ensure that the Company's business conduct complies with the requirements of national laws and administrative regulations as well as various national economic policies, and that the business activities do not exceed the business scope specified in the business license;

- (II) All shareholders should be treated fairly;
- (III) Keeping abreast of the status of the Company's business operations and management;
- (IV) Shall sign a written confirmation of the Company's periodic reports. To ensure that the information disclosed by the Company is true, accurate and complete;
- (V) Shall truthfully provide the Board of Supervisors with relevant information and data, and shall not impede the Board of Supervisors or Supervisors in the exercise of their powers;
- (VI) Other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Article ~~161~~153

The Board of Directors shall meet regularly, and meetings of the Board of Directors shall be held at least two times a year, and convened by the chairman of the Board of Directors. For regular meeting of the Board of Directors, 10-day notice shall be given in order to let all Directors have the chance to participate in the meeting. Regular meetings do not include the practice of approval through delivered written resolutions.

Written notice of Board and interim Board meetings shall be given in person, by facsimile, by express mail, by registered airmail, or by e-mail; and the time limit for giving notice of an interim Board meeting shall be five (5) days prior to the date of the meeting.

Notice of statutory period shall be given to all Directors for all significant matters requiring the decision-making of the Board of Directors, and sufficient information shall also be provided. When more than one quarter of the Directors or two or more external Directors consider that there is insufficient information or that arguments proposed are imprecise, they may jointly propose that the Board meeting be postponed or that some of the matters to be discussed at the Board meeting be discussed at a later time. Under such circumstances, the Board of Directors shall accept the proposal.

Article ~~162~~154

The notice of meeting shall be deemed to have been issued to a director if he is present at the meeting even if he has not received such notice prior to or at the time of his arrival at the meeting.

Article ~~163~~155

Regular or extraordinary board meetings may be held by way of teleconference or by virtue of other communication devices. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed to have had participated in the meeting in person.

Article ~~164~~156

The board meeting shall be attended by more than half of the directors.

Each director has one vote. Resolutions of the Board of Directors shall be passed by more than half of all directors.

In the case of an equality of votes, the chairman of the Board of Directors shall have a casting vote.

Article ~~165~~157

A director shall attend the board meetings in person.

If a director is not able to attend the meeting for any reason, he may appoint in writing other directors to attend the meeting on his behalf. The appointment letter shall state the name of the proxy, the matters to be represented, the scope of authorization and the period of validity, and shall be signed or sealed by the proxy.

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director fails to attend a board meeting or appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.

A director of the Company shall abstain from voting on any board resolution in which he or any of his associates (as defined in the Listing Rules) has an interest (including, but not limited to, situations where the resolution involves a contract or arrangement or any other proposal in which the director or his/her close associate has material interests) nor shall he be counted in the quorum present at the meeting.

Subject to such exceptions as the Stock Exchange of Hong Kong Limited may approve, a director of the Company shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting.

Article ~~166~~158

Matters which require the approval of an extraordinary meeting of the Board of Directors may be passed as written resolutions in lieu of a meeting of the Board of Directors only after the Board of Directors has delivered the resolutions to all directors and such resolutions have been signed and approved by the required quorum of the directors for decision-making in accordance with Article 139 of the Articles of Association. Such written resolutions shall be deemed to have the same legal effect as resolutions passed at a board meeting held in accordance with the procedures set out in the relevant provisions of the Articles of Association.

Article ~~167~~159

The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting. The attending directors and the recorder of meeting minutes shall sign the minutes of such meetings. Directors shall be liable for the resolutions of the Board of Directors. The minutes of the Board of Directors' meetings shall be kept as the Company archives for a period of not less than 10 years. If the resolutions of the Board of Directors violate the laws, administrative regulations or the Articles of Association, and the Company suffers a material loss as a result thereof, the directors participating in the resolutions are liable to the Company for the losses. However, directors may be exempted from such liability if it is verified that such director has stated his objection when voting and the same was recorded in the minutes at the Board meeting.

CHAPTER ~~14~~10 SECRETARY TO THE BOARD OF DIRECTORS OF THE COMPANY**Article ~~168~~160**

The Company has a secretary to the Board of Directors, who is a senior management staff of the Company and is responsible for the preparation of the general meetings and meetings of the Board of Directors of the Company, the custody of documents and the management of the information of shareholders of the Company, and the handling of information disclosure matters. The Secretary to the Board of Directors shall comply with the laws, administrative regulations, departmental rules and relevant provisions of the Articles of Association.

Article ~~169~~161

The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the Board of Directors. His primary duties include:

- (I) To ensure that the Company has a complete set of organizational documents and records;

- (II) To ensure lawful preparation and submission by the Company of reports and files as required by the relevant authorities;
- (III) To ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (IV) To coordinate and organize information disclosure of the Company;
- (V) Other duties as required by laws, regulations, the Articles of Association, other management systems of the Company, and the listing rules of the stock exchange where the Company's shares are listed.

Article ~~170~~162

A director or other senior management officers of the Company may act as the secretary to the Board of Directors. The accountants of the accounting firm which has been appointed by the Company shall not concurrently act as the secretary to the Board of Directors.

If a director of the company concurrently serves as secretary to the Board of Directors, is in the event that an action must be carried out by a director and a secretary to the Board of Directors respectively, the person who holds the offices of director and secretary to the Board of Directors shall not act in dual capacity.

CHAPTER ~~12~~11 COMPANY SECRETARY**Article ~~171~~163**

The Company shall appoint an individual as company secretary, to ensure good information flow within the board and that board policy and procedures are followed. The company secretary should report to the board chairman and/or the chief executive, and is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

Article ~~172~~164

The board should approve the selection, appointment or dismissal of the company secretary. A board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. A candidate for company secretary shall be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

The company secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Where the Company engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the issuer whom the external provider can contact.

In each financial year the Company's company secretary must take no less than 15 hours of relevant professional training.

All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

CHAPTER ~~13~~12 COMPANY MANAGER

Article ~~173~~165

The Company shall have one manager who shall be appointed or removed by the Board of Directors. The Company shall have several deputy general managers who shall be appointed or removed by the Board of Directors. The Manager, Deputy Manager, Chief Financial Officer and Secretary of the Board of Directors are the senior management of the Company.

Article ~~174~~166

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (I) To be in charge of the production, operation and management of the Company, and to arrange implementation of resolutions of the Board of Directors, and report to the Board of Directors;
- (II) To arrange implementation of the Company's annual business plans and investment plans;
- (III) To propose plans for establishment of the Company's internal management organization;
- (IV) To formulate the Company's basic management system;
- (V) To formulate the basic rules and regulations of the Company;
- (VI) To propose the employment and dismissal of the deputy general managers and other senior management officers (including the chief financial officer);

(VII) To employ or dismiss the management officers other than those required to be employed or dismissed by the Board of Directors;

(VIII) To exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

Article ~~175~~167

A person who holds an executive position other than a director or supervisor in a controlling shareholder entity of the Company shall not serve as a senior executive of the Company. Senior executives of the Company are remunerated only by the Company and are not paid on behalf of the controlling shareholders.

Article ~~176~~168

The term of office of the general manager shall be three years, and the general manager may be reappointed for a second term.

Article ~~177~~169

The general manager shall formulate the general manager's work rules and submit them to the Board of Directors for approval before implementation, and the general manager's work rules shall include the following:

- (I) The conditions and procedures for convening the general managers' meeting and the persons attending it;
- (II) The specific responsibilities of each of the general managers and other senior managers and their division of labor;
- (III) The authority to utilize the Company's funds and assets and to enter into major contracts, as well as the reporting system to the Board of Directors and the Board of Supervisors;
- (IV) Such other matters as the Board of Directors may deem necessary.

Article ~~178~~170

The general manager may resign before the expiration of his term of office. The specific procedures and methods concerning the resignation of the general manager shall be set out in the labor contract between the general manager and the Company.

Article ~~179~~171

The general manager shall attend board meetings and, if the general manager is not a director, he shall not have voting right thereat.

Article ~~180~~172

In the exercise of his powers, the general manager shall comply with the laws, administrative regulations and the Articles of Association, and fulfil his duties in good faith and with due diligence.

CHAPTER 1413 BOARD OF SUPERVISORS**Article ~~181~~173**

The Company shall establish the Board of Supervisors. The Board of Supervisors is responsible for monitoring the Board of Directors, the directors, the general manager and other senior management officers of the Company against any abuse of position and infringement of the rights of shareholders, the Company and employees of the Company.

Article ~~182~~174

The Company shall have a Board of Supervisors whose members shall be three, including two non-employee supervisors, who shall be elected by the general meeting, and one employee representative supervisor, who shall be democratically elected by the Company's employees through the employees' representative assembly, the employees' general meeting, or in other forms.

The Board of Supervisors shall have a chairman and may have a vice-chairman. The Chairman and Vice-Chairman of the Board of Supervisors shall be elected by a majority of all Supervisors. Supervisors shall be elected for a term of three years and may be re-elected for a second term. If the term of office of a Supervisor expires without timely re-election, or if a supervisor resigns during his term of office resulting in the Board of Supervisors falling below a quorum, the original supervisor shall still perform the duties of a supervisor in accordance with the laws, administrative regulations and the Articles of Association until the re-elected supervisor assumes office.

The appointment and dismissal of the chairman of the Board of Supervisors shall be subject to the approval of two-thirds or more of its members by voting.

Article ~~183~~175

Members of the Board of Supervisors shall comprise two representatives of shareholders and one representative of staff and workers. The staff representative supervisor shall be elected by the employee representatives' meeting and workers and other democratic means.

The chairman of the Board of Supervisors shall be elected by more than half of all supervisors. The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors; If the chairman of the Board of Supervisors is unable to or does not perform his duty, the meetings of the Board of Supervisors shall be convened and presided over by a supervisor jointly designated by more than half of the supervisors.

Article ~~184~~176 The directors, general manager, chief financial officer and senior management officers of the Company shall not concurrently act as supervisors.

Article ~~185~~177 The Board of Supervisors shall convene at least once meeting every six months, which shall be convened by the chairman of the Board of Supervisors. The supervisors can propose to convene extraordinary meetings of the Board of Supervisors. Resolutions of the Board of Supervisors shall be adopted by a majority of the Supervisors.

Article ~~186~~178 The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

1. Shall review and give written opinions on the Company's periodic reports prepared by the Board of Directors;
2. To review the Company's financial position;
3. Supervise the behavior of directors and senior management in performing their duties for the company, and to propose the dismissal of directors and senior management who violate laws, administrative regulations, the company's articles of association, or the resolutions of the general meeting;
4. Require directors and senior management to rectify their actions when they are detrimental to the interests of the Company;
5. Propose the convening of extraordinary general meeting and convene and preside over general meeting when the Board of Directors does not fulfill its duty to convene and preside over general meeting as stipulated in the Articles of Association;
6. Proposals to the general meeting;
7. Proceedings against directors and senior management in accordance with the provisions of the Company Law;
8. When abnormalities in the Company's operations are found, investigations may be conducted; if necessary, professional agencies such as accounting firms and law firms may be engaged to assist in their work at the Company's expense;
9. Election and replacement of the Chairman of the Board of Supervisors.

Supervisors may attend meetings of the Board of Directors and make inquiries or suggestions on matters resolved by the Board of Directors.

Article ~~187~~179

The Board of Supervisors shall formulate the rules of procedure of the Board of Supervisors and specify its method of discussion and voting procedure to ensure its efficiency and organized decision-making. A meeting of the Board of Supervisors may be held subject to attendance by no less than two-thirds of its members.

The Board of Supervisors shall keep minutes of resolutions on matters discussed at the meeting, and the attending supervisors shall sign on the minutes of the meeting. Supervisors have the right to request that some kind of descriptive entry be made on the record of what they said at the meeting, and the minutes of Board of Supervisors meetings shall be kept as the Company's archives for at least 10 years.

Article ~~188~~180

In the event that the Board of Supervisors engages professionals, such as lawyers and accounting firms, in the exercise of its functions, any reasonable expenses incurred thereby shall be borne by the Company.

Article ~~189~~181

A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with the law, administrative regulations and the Articles of Association.

Article ~~190~~182

Supervisors shall abide by the laws, administrative regulations and the Articles of Association, and shall have the duty of loyalty and diligence to the Company; they shall not use their powers to accept bribes or other illegal income, and shall not misappropriate the Company's property.

Article ~~191~~183

Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, and sign a written confirmation of the periodic report.

Article ~~192~~184

Supervisors shall not take advantage of their affiliation to jeopardize the interests of the Company and shall be liable for compensation if they cause losses to the Company.

Article ~~193~~185

Supervisors who violates laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the performance of his/her duties with the Company and causes losses to the Company shall be liable for compensation.

Article ~~194~~186

The notice of a meeting of the Board of Supervisors shall consist of the following elements:

- (I) date, place and duration of the meeting;
- (II) subject matter and issues;
- (III) the date of the notification.

Article ~~195~~187

The senior management of the Company who violates laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the performance of his/her duties with the Company and causes losses to the Company shall be liable for compensation.

Article ~~196~~188

The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Senior management of the Company shall be liable for compensation in accordance with the law for any damage caused to the interests of the Company and public shareholders as a result of their failure to faithfully perform their duties or breach of their duty of good faith.

**CHAPTER ~~15~~14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS,
SUPERVISORS, GENERAL MANAGERS AND OTHER SENIOR MANAGEMENT
OFFICERS OF THE COMPANY**

Article ~~197~~189

The legal representative of the Company shall be the Chairman of the Board of Directors ~~(or the General Manager)~~, who shall sign the Company's documents.

Article ~~198~~190

The following persons may not serve as a director, supervisor, the general manager, or other senior management officer of the Company:

- (I) A person without or with limited capacity for civil conduct;
- (II) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or damaging the social economic order, where less than 5 years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served;

- (III) A person who is a former director, factory manager or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, and where less than 3 years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (IV) A person who is a former legal representative of a company or enterprise the business license of which was revoked and ordered to close down due to violation of law and who is personally liable for such violation, where less than 3 years have elapsed since the date of the revocation of business license of such company or enterprise;
- (V) A person who has a relatively large amount of debts which have become overdue;
- (VI) A person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (VII) A person who, according to law and administrative regulations, is not permitted to be the leader of an enterprise;
- (VIII) A person who is not a natural person;
- (IX) A person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have elapsed since the date of such conviction.

Article ~~199~~191

The validity of an act carried out by a director, general manager and other senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his employment, election or qualification.

Article ~~200~~192

In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, each of the Company's directors, supervisors, general manager and other senior management officers owes the following obligations to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (I) Not to exceed the Company's scope of business specified in its business license;

- (II) To act bona fide in the best interests of the Company;
- (III) Not to expropriate the Company's property in any way, including but not limited to opportunities beneficial to the Company;
- (IV) Not to expropriate the personal rights and interests of shareholders, including but not limited to rights to distribution and voting rights, except in a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

Article ~~201~~193

Each of the Company's directors, supervisors, general managers and other senior management officers owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

Article ~~202~~194

Each of the Company's directors, supervisors, general manager and other senior management officers shall perform his duties on the principle of fiduciary responsibility, and shall not put himself in a position where his interests and his duties may conflict.

This principle includes (but is not limited to) discharging the following obligations:

- (I) To act bona fide in the best interests of the Company;
- (II) To exercise his powers within his terms of reference and not to act ultra vires;
- (III) To exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; and unless permitted by laws, administrative regulations or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (IV) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) Unless otherwise provided in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) Not to use the Company's property in any way for his own benefit without the informed consent of the shareholders given in a general meeting;

- (VII) Not to exploit his position to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (VIII) Not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders given in a general meeting;
- (IX) To comply with the Articles of Association, perform his duties faithfully, protect the Company's interests and not to exploit his position and power in the Company for his own benefit;
- (X) Not to compete with the Company in any way without the informed consent of the shareholders given in a general meeting;
- (XI) Not to misappropriate the Company's funds or lend the Company's funds to others, not to open any account in his own name or in any other name for the deposit of the Company's assets or funds, not to use such assets to provide guarantee for the debts of shareholders of the Company or other individuals;
- (XII) Not to disclose any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders given at a general meeting; nor shall he use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
 - 1. The law so requires;
 - 2. Public interest so warrants;
 - 3. The interests of the relevant director, supervisor, general manager and other senior management officers so requires.

Article ~~203~~195

Each director, supervisor, general manager or other senior management officer of the Company shall not direct the following persons or institutions ("related parties") to do anything that is not permitted:

- (I) The spouse or minor child of the Company's director, supervisor, general manager or other senior management officer;

- (II) The trustee of the Company's director, supervisor, general manager or other senior management officer or any person referred to in sub-paragraph (I) of this Article;
- (III) The partner of the Company's director, supervisor, general manager or other senior management officer or any person referred to in sub-paragraphs (I) and (II) of this Article;
- (IV) A company in which the Company's director, supervisor, general manager or other senior management officer, whether alone or jointly with the persons referred to in sub-paragraphs (I), (II), (III) of this Article or other directors, supervisors, general managers and other senior management officers of the Company, has de facto control;
- (V) The directors, supervisors, general managers and other senior management officers of the controlled company referred to in sub-paragraph (IV) of this Article.

Article ~~204~~196

The fiduciary duties of a director, supervisor, general manager and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between termination and the act concerned and the circumstances and terms under which their relationship with the Company have been terminated.

Article ~~205~~197

Except for circumstances prescribed in Article 61 hereof, a director, supervisor, general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given in a general meeting.

Article ~~206~~198

Where a director, supervisor, general manager or other senior management officer of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than appointment contracts between the Company and directors, supervisors, general managers or other senior management officers), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not such matters are subject to the approval of the Board of Directors under normal circumstances.

Unless the interested director, supervisor, general manager or other senior management officer of the Company has disclosed his interest to the Board of Directors as required by the first paragraph of this Article and relevant matters have been approved by the Board of Directors at a meeting in which he was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, general manager or other senior management officer.

A director, supervisor, general manager or other senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related party is interested.

Article ~~207~~199

Where a director, supervisor, general manager or other senior management officer of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be deemed to be a disclosure for the purpose of the preceding Article of this Chapter, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the relevant contract conclusion, transaction or arrangement is first taken into consideration by the Company.

Article ~~208~~200

The Company shall not in any manner pay taxes for its directors, supervisors, general manager or other senior management officers.

Article ~~209~~201

The Company shall not directly or indirectly make a loan to or provide any guarantee for a loan to a director, supervisor, general manager or other senior management officer of the Company or the Company's controlling shareholders or any of their respective related parties.

The foregoing provision shall not apply to the following circumstances:

- (I) The provision by the Company of a loan or a guarantee for a loan to its subsidiaries;
- (II) The provision by the Company of a loan or a guarantee for a loan or any other funds to any of its directors, supervisors, general managers or other senior management officers pursuant to their employment contracts which were approved by the shareholders in a general meeting for him to settle expenditures incurred by him for expenses incurred in performing his duties and responsibilities;

- (III) If the ordinary scope of business of the Company is expanded to include the provision of loans or guarantees for loans, the Company may provide a loan or a guarantee for a loan to any of the relevant directors, supervisors, general managers or other senior management officers or their respective related parties, provided that the provision of loans or guarantees for loans is on normal commercial terms.

Article ~~210~~202

A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

Article ~~211~~203

A guarantee for a loan provided by the Company in breach of the first paragraph of Article ~~144~~201 shall not be enforceable against the Company, unless:

- (I) The lender was not aware of the relevant circumstances when he provided a loan to a related party of any of the directors, supervisors, general managers and other senior management officers of the Company;
- (II) The collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article ~~212~~204

For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of undertaking or property provided by the guarantor to secure the performance of obligations by the obligor.

Article ~~213~~205

Where a director, supervisor, general manager or other senior management officer of the Company is in breach of his obligations owed to the Company, the Company has, in addition to any rights and remedies provided for in the laws and administrative regulations, the right to take the following measures:

- (I) To demand such director, supervisor, general manager or other senior management officer compensate for losses sustained by the Company as a result of such breach;
- (II) To rescind any contract or transaction that has been entered into by the Company with such director, supervisor, general manager or other senior management officer, or with a third party (where such third party has known or should have known that such director, supervisor, general manager or other senior management officer that represents the Company has breached his duties owed to the Company);

- (III) To demand such director, supervisor, general manager or other senior management officer to surrender profits obtained as a result of the breach of his obligations;
- (IV) To recover any monies received by the director, supervisor, general manager or other senior management officer that should have been received by the Company, including (without limitation) commissions;
- (V) To demand the return of interest earned or which may have been earned by such director, supervisor, general manager or other senior management officer on the monies that should have been paid to the Company.

Article ~~214~~206

The Company shall enter into a written contract with its directors, supervisors and senior management officers, which shall include at least the following provisions:

- (I) An undertaking by the director, supervisor and senior management officer to the Company to observe Company Law, the Special Regulations, the Articles of Association, the Codes on Takeover and Mergers and the Codes on Share Repurchases as approved and amended from time to time by the Hong Kong Securities and Futures Commission, and an agreement that the Company shall have the remedies provided in the Articles of Association, and that neither the contract nor his office is capable of assignment;
- (II) An undertaking by the director, supervisor and senior management officer to the Company to each shareholder to observe and perform his obligations in accordance with the Articles of Association; and
- (III) An arbitration clause as provided in Article 268 hereof, and that this arbitration agreement is entered into between the director or supervisor or senior management officer and the Company (for itself and each shareholder). Any arbitration submitted shall be deemed as authorising the arbitration court to conduct public hearing and publish its award.

Article ~~215~~207

The Company shall, with the prior approval of shareholders in a general meeting, enter into a written contract with its directors and supervisors regarding emoluments matters. The aforesaid emoluments include:

- (I) Emoluments in respect to his service as director, supervisor or senior management officer of the Company;
- (II) Emoluments in respect to his service as director, supervisor or senior management officer of any subsidiary of the Company;
- (III) Emoluments in respect to the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (IV) Payment to the director or supervisor as compensation for loss of office or as consideration in connection with his retirement.

No proceedings may be brought by a director or supervisor against the Company for any benefit due to him in respect to the matters mentioned in this Article except pursuant to the contract mentioned above.

Article ~~216~~208

The contracts entered into between the Company and its directors or supervisors concerning emoluments shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) An offer made by any person to all shareholders;
- (II) An offer made by any person such that the offeror will become the controlling shareholder. The term "controlling shareholder" has the same meaning as defined in Article 62 of the Articles of Association.

If the relevant director or supervisor does not comply with this Article, any sum received by him shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis among those persons shall be borne by the relevant director or supervisor and shall not be deducted from the distributed sum.

Article ~~217~~209

If the directors or senior management violate the laws, administrative regulations or the provisions of the Articles of Association in the course of performing their duties for the Company and cause losses to the Company, the shareholders who have held, individually or collectively, more than 1% of the shares of the Company for more than one hundred and eighty consecutive days shall have the right to request the Board of Supervisors in writing to initiate litigation in the People's Court; if the Board of Supervisors violates the laws, administrative regulations or the provisions of the Articles of Association in the course of performing their duties for the Company and cause losses to the Company, the shareholders may request the Board of Directors in writing to bring a lawsuit to the People's Court.

If the Board of Supervisors or the Board of Directors refuses to initiate a lawsuit upon receipt of a written request from a shareholder as stipulated in the preceding paragraph, or fails to initiate a lawsuit within thirty days from the date of receipt of the request, or if the situation is so urgent that failure to initiate a lawsuit immediately will result in irreparable damage to the interests of the Company, the shareholders as stipulated in the preceding paragraph shall have the right to initiate a lawsuit in their own names and directly in the People's Courts for the interests of the Company.

If another person infringes upon the lawful rights and interests of the Company and causes damage to the Company, the shareholders specified in the first paragraph of this Article may bring a lawsuit to the People's Court in accordance with the provisions of the preceding two paragraphs.

CHAPTER ~~16~~15 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

Article ~~218~~210

The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions stipulated by the relevant authorities of the People's Republic of China.

Article ~~219~~211

The Company shall submit and disclose an annual report to the CSRC and the stock exchange within four months from the end of each fiscal year, and an interim report to the delegated authority of the CSRC and the stock exchange within two months from the end of the first half of each fiscal year. The above annual and interim reports shall be prepared in accordance with relevant laws and administrative regulations, the CSRC and stock exchanges.

Article ~~220~~212

The Company's Board of Directors shall make available before the shareholders at every annual general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities. The issuer shall lay its annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate.

Article ~~221~~213

The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned herein.

Article ~~222~~214

The Company shall send the annual report, including the annual accounts and the auditor's report, and other financial reports mentioned herein to shareholders at least 21 days before the annual general meeting is convened and within 4 months of the end of the financial year. Subject to compliance with laws, administrative regulations, departmental rules, regulatory documents and the relevant provisions of the listing rules of the stock exchange where the Company's shares are listed, the Company may do so by electronic means or by publication on the website designated by the Company or the stock exchange where the Company's shares are listed.

Article ~~223~~215

The Company shall make available to the H Shareholders the annual report of the Board of Directors, including (i) the annual accounts and the auditor's report, which includes, but not limited to, balance sheet and each document that is required to be appended therein, as well as profit and loss statement or income and expenditure statement, or (ii) financial summary, and other financial reports mentioned herein to each H shareholder at least 21 days before the annual general meeting is convened and within 4 months of the end of the financial year.

Article ~~224~~216

The financial statements of the company shall be prepared in accordance with China Accounting Standards and the laws and regulations of China as well as international accounting standards or the accounting standards of its overseas listing place. Any significant discrepancy between the two versions shall be illustrated in the notes to the financial statements. In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown in the financial statements (i) prepared in accordance with the PRC accounting standards and regulations, and (ii) the international accounting standards or such accounting standards of the place of overseas listing, shall be adopted.

Article ~~225~~217

The interim results or financial information announced or disclosed by the company shall be prepared in accordance with China Accounting Standards and the laws and regulations of China as well as international accounting standards or the accounting standards of its overseas listing place.

Article ~~226~~218

The Company shall publish its financial reports twice every accounting year. Namely, the interim financial report shall be published within 3 months after the end of the first six months of each accounting year and the annual financial report shall be published within 4 months after the end of each accounting year.

Article ~~227~~219

The Company shall not maintain books of accounts other than those provided for by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

Article ~~228~~220

When the Company distributes the after-tax profit for the year, 10% of the profit should be withdrawn and included in the Company's legal reserve. If the accumulated amount of the Company's legal reserve is over 50% of the Company's registered capital, no further withdrawals may be made. If the Company's legal reserve is insufficient to make up for the losses of the previous fiscal years, it shall make up for the losses with the profits of the current fiscal year before withdrawing the legal reserve in accordance with the provisions of the preceding paragraph. After the Company has withdrawn the legal reserve from the profit after tax, it may also withdraw any reserve from the profit after tax by resolution of the general meeting. The after-tax profit of the Company after making up losses and withdrawing the provident fund shall be distributed in proportion to the shares held by the shareholders. If the general meeting violates the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up for its losses and withdrawn its legal reserve, the shareholders must return to the Company the profits distributed in violation of the provisions. Shares of the Company held by the Company do not participate in the distribution of profits.

The Company may distribute dividends in the following forms:

- (I) Cash;
- (II) Shares.

Article ~~229~~221

The Company's provident fund is used to make up for the Company's losses, expand the Company's production and operation, or be converted to increase the Company's capital. However, the capital reserve will not be used to cover the company's losses. Upon conversion of legal reserve to capital, the amount of such reserve retained will be not less than 25% of the registered capital of the Company prior to the conversion.

Article ~~230~~222

The distribution of dividends (or shares) must be completed within two months after the resolution on the profit distribution plan is made by the Company's general meeting or after the Board of Directors of the Company has formulated a specific plan in accordance with the conditions and upper limit of the next year's interim dividend distribution as considered and approved by the annual general meeting.

Article ~~231~~223

The Company implements an internal audit system with full-time auditors to conduct internal audit supervision of the Company's financial income and expenditure and economic activities. The internal audit system of the Company and the duties of the internal auditors shall be implemented after approval by the Board of Directors. The Head of Audit is accountable and reports to the Board of Directors.

Subject to the relevant laws and regulations of China and the rules of the Stock Exchange of Hong Kong Limited, the Company may exercise its right to claim over unclaimed dividends, provided that such right shall not be exercised until after the expiration of the applicable limitations period. In relation to the exercise of right to issue warrants to bearer, no new warrant shall be issued to replace one that has been lost unless the Company is satisfied beyond a reasonable doubt that the original warrant has been destroyed. The Company has the right to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas-listed foreign shares who is untraceable only if the following conditions are satisfied: (1) during a period of 12 years at least 3 dividends have become payable and no dividend during that period has been claimed; (2) upon expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in newspapers and notifies the Stock Exchange of Hong Kong Limited of such intentions.

Article ~~232~~224

Capital reserve fund includes the following items:

- (I) Premium received when shares are issued at a premium to their par value;
- (II) Any other income required by the finance regulatory department of the State Council to be included in the capital reserve fund.

Article ~~233~~225

The common reserve fund of the Company can be applied for:

- (I) Making up for losses of the Company, ~~but the capital reserve fund may not be used to make up the losses of the company;~~
- (II) Increasing the capital of the Company. Where the statutory reserve fund is converted into capital through capitalisation, the balance of such reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.
- (III) Expansion of the Company's production and operation.

Article ~~234~~226

Distribution of the Company's dividends may be determined by the shareholders' general meeting. Subject to consideration by the Board of Directors on the Company's financial position and compliance with the relevant laws and regulations, shareholders may authorise the Board of Directors to distribute and pay dividends through an ordinary resolution.

Article ~~235~~227

The Company may distribute dividends in the form of:

- (I) Cash;
- (II) Shares.

The Company may exercise its right to claim over unclaimed dividends, provided that such right shall not be exercised until after the expiration of the applicable limitations period.

Article ~~236~~228

The cash dividends of ordinary shares shall be denominated and declared in Renminbi. The cash dividends of domestic shares shall be paid in Renminbi. The cash dividends and other distribution of overseas listed foreign shares shall be paid in the currency of the listing place of the foreign shares. If there is more than one listing place, payment shall be in the currency of the main listing place determined by the Board of Directors. Cash dividends of unlisted foreign shares shall be paid in Hong Kong Dollars.

Article ~~237~~229

If the cash dividends are to be paid in a foreign currency, the Company shall adopt the average offer price of the relevant foreign exchange quoted by the People's Bank of China for a calendar week preceding the date on which the dividend and other amount are declared as the exchange rate therefor.

Article ~~238~~230

The Company shall appoint a receiving agent in Hong Kong for holders of overseas listed foreign shares.

The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect to the overseas listed foreign shares, and such payment shall be kept by the receiving agent on such shareholders' behalf for any payment to them. The receiving agent appointed by the Company shall satisfy requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of relevant stock exchange. The receiving agent appointed by the Company for holders of H shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

CHAPTER ~~17~~16 APPOINTMENT OF ACCOUNTANT FIRM**Article ~~239~~231**

The Company shall appoint a accounting firm that complies with the provisions of the Securities Act to conduct audits of accounting statements, verification of net assets and other related consulting services for a period of one year, which may be renewed.

Article ~~240~~232

The appointment of an accounting firm by a company shall be decided by the general meeting of shareholders, and the board of Directors shall not appoint an accounting firm before the decision of the general meeting of shareholders.

Article ~~241~~233

The accounting firm appointed by the Company shall have the following rights:

- (I) The right to review the books, records and documents of the Company at any time, the right to require the directors, general managers or other senior management officers of the Company to provide relevant information and explanation;
- (II) The right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the discharge of its duties;
- (III) The right to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

- Article ~~242~~234** If there is a vacancy in the position of accounting firm of the Company, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act in this capacity during the period in which a vacancy exists.
- Article ~~243~~235** The Company shall ensure that true and complete accounting documents, accounting books, financial accounting reports and other accounting information are provided to the appointed accounting firm, and shall not refuse, conceal or misrepresent them.
- Article ~~244~~236** The audit fee or the manner of determining the audit fee of the accounting firm shall be determined by the general meetings.
- Article ~~245~~237** In the event that the Company dismisses or does not reappoint a accounting firm, the Company shall notify the accounting firm 10 days in advance, and the accounting firm shall be allowed to state its opinion when the Company's general meeting votes on the dismissal of the accounting firm. If the accounting firm proposes to resign, it shall explain to the general meeting whether there are any improper circumstances in the Company.
- Article ~~246~~238** The shareholders in a general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the firm and the Company. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.
- Article ~~247~~239** Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of the accounting firm, to reappoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:
- (I) Before notice of meeting is given to the shareholders, the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year, including leaving by removal, resignation and retirement.

- (II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures:
 - (1) in any notice of meeting held for making the resolution, state the fact that the departing accounting firm has made such representations;
 - (2) attach a copy of the representations to the notice and send it to every shareholder entitled to notice of general meeting in the manner stipulated in the Articles of Association.
- (III) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (II) of this Article, such accounting firm may require that the representations be read out at the shareholders' general meeting and may make further representations.
- (IV) An accounting firm that is leaving its post shall be entitled to attend:
 - (1) The shareholders' general meeting at which its term of office would otherwise have expired;
 - (2) The shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
 - (3) The shareholders' general meeting that is convened as a result of its resignation.

The accounting firm shall be entitled to receive all notices of, and other communications relating to, such meetings as stated in sub-paragraph (IV), and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

Article ~~248~~240

The accounting firm may resign from its office by depositing the written notice of resignation at the registered office of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated in the notice. The notice shall contain the following statements:

(I) A statement to the effect that there are no circumstances connected with its resignation that it considers must be brought to the attention of the shareholders or creditors of the Company;

(II) A statement of any such circumstances that should be explained.

The Company shall, within 14 days of the receipt of the written notice referred to in sub-paragraph (II) of this Article, send a copy of the notice to the relevant competent authority. If the notice contains a statement under sub-paragraph (II) of the second paragraph of Article ~~247~~239 a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement electronically or in other forms to holder of listed foreign shares.

If the accounting firm's notice of resignation contains a statement under sub-paragraph (II) of the second paragraph of this Article, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

CHAPTER ~~18~~17 MERGER AND DEMERGER OF THE COMPANY**Article ~~249~~241**

In the event of the merger or division of the Company, the Company's Board of Directors shall put forward a proposal and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval formalities pursuant to the law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of on the merger or division of the Company shall be contained in special documents which shall be available for inspection by the shareholders. The aforesaid documents shall be sent to each holder of overseas listed foreign shares by post.

Article ~~250~~242

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. The absorption of one company by another is a merger by absorption and the absorbed company is dissolved. The merger of two or more companies to create a new company is a de novo merger and the merging parties are 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 from the date of on which the resolution in favour of the merger is adopted and shall publish an announcement in a newspaper within 30 days from the date of such resolution.

Creditors have the right to demand the Company to settle its debts or provide corresponding guarantee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received.

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.

Article ~~251~~243

In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favour of the division and shall publish an announcement in a newspaper within 30 days from the date of such resolution. Creditors have the right to demand the Company to settle its debts or provide corresponding guarantee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received. The Company may not proceed with division without settlement of its debts or provision of corresponding guarantee.

The debts of the Company before the demerger are jointly and severally liable to the Company after the demerger in accordance with the agreements reached. However, unless otherwise agreed in a written agreement reached between the Company and its creditors prior to the demerger, the Company shall not be liable for the debts of the Company after the demerger.

Article ~~252~~244

The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration as a result of any merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

CHAPTER ~~19~~18 DISSOLUTION AND LIQUIDATION OF THE COMPANY**Article ~~253~~245**

In any of the following circumstances, the Company shall be dissolved:

- (I) The expiration of the term of business provided for in the Articles of Association or the occurrence of other causes of dissolution provided for in the Articles of Association;
- (II) The shareholders' general meeting by special resolution dissolves the Company;
- (III) Dissolution is necessary due to a merger or division of the Company;
- (IV) Being suspended, ordered to close or revoked in accordance with the law;
- (V) When the Company is experiencing material difficulties in operations, and its continual operation will lead to substantial loss to the benefits of the shareholders and no other solutions to resolve the matters, the shareholders, who aggregately hold more than 10% of total voting shares of the Company, can appeal to the people's court for dissolution of the Company.

Article ~~254~~246

If the Company is dissolved as a result of the provisions of the subparagraph (I) of preceding Article, it may survive by amending the Articles of Association. Amendments to the Articles of Association in accordance with the preceding paragraph shall be approved by more than two-thirds of the votes held by the shareholders present at a general meeting.

If the Company is dissolved as a result of the provisions of subparagraphs (I), (II), (IV) and (V) of the preceding Article, a liquidation committee shall be established within 15 days from the date on which the cause of dissolution arises to commence the liquidation. The liquidation committee shall be composed of personnel determined by the Board of Directors or the General Meeting. If a liquidation committee is not set up for liquidation after the deadline, the creditors may apply to the People's Court to appoint relevant persons to form a liquidation committee to carry out liquidation.

Article ~~255~~247

Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board of Directors shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and report at least once every year to the shareholders' general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article ~~256~~248

The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish announcements in newspapers within 60 days. The liquidation committee shall register any claims.

Article ~~257~~249

The creditors may declare their claims to the liquidation committee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received. When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register claims. The liquidation committee may not satisfy creditors during the period of filing claims.

Article ~~258~~250

During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) To liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) To notify creditors by sending notice and making public announcement;
- (III) To deal with and settle any outstanding businesses of the Company;
- (IV) To pay outstanding taxes and taxes incurred in the liquidation process;

(V) To settle claims and debts;

(VI) To dispose of the remaining assets of the Company after the repayment of debts;

(VII) To represent the Company in any civil proceedings.

Article ~~259~~251

After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or to the People's Court for confirmation.

The remaining assets of the Company's property after payment of liquidation expenses, employees' salaries, social insurance premiums and statutory compensation, payment of outstanding taxes and settlement of the Company's debts, respectively, shall be distributed by the Company in accordance with the proportion of shares held by the shareholders.

During the liquidation period, the Company survives but cannot carry out business activities unrelated to the liquidation.

The property of the Company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Article ~~260~~252

If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to a People's Court for declaration of bankruptcy. After the Company is declared bankrupt by a ruling from a People's Court, the liquidation committee shall handover the liquidation matters to the People's Court.

Article ~~261~~253

The members of the liquidation committee shall perform their duties faithfully and fulfill their obligations in accordance with the law. The members of the liquidation committee shall not use their authority to accept bribes or other illegal income, and shall not misappropriate company property. The members of the liquidation committee shall be liable for damages caused to the Company or creditors due to their willfulness or gross negligence.

Article ~~262~~254

If the Company is legally declared bankrupt, the bankruptcy liquidation shall be implemented in accordance with the laws relating to corporate bankruptcy.

Article ~~263~~255

Upon completion of the liquidation of the Company, the liquidation committee shall produce a liquidation report, report it to the General Meeting or the People's Court for confirmation, and submit it to the Company registration authority to apply for cancellation of the Company's registration and announce the termination of the Company.

The liquidation committee shall, within thirty days from the date of confirmation by the General Meeting or the relevant competent authority, submit the aforesaid documents to the Company's registration authority, apply for cancellation of the Company's registration and announce the termination of the Company.

CHAPTER ~~2019~~ AMENDMENTS TO THE ARTICLES OF ASSOCIATION**Article ~~264~~256**

The Company shall amend its Articles of Association if any of the following circumstances apply:

- (I) When the Company Law or relevant laws and administrative regulations, the Listing Rules and other securities regulatory rules of the place where the Company's shares are listed have been amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws and administrative regulations;
- (II) Changes in the circumstances of the Company which are inconsistent with the matters recorded in the Articles of Association;
- (III) The General Meeting decides to amend the Articles of Association.

Article ~~265~~257

If the amendment of the Articles of Association adopted by resolution of the General Meeting shall be subject to the approval of the competent authorities, it shall be submitted to the competent authorities for approval; and if it involves matters of company registration, the change shall be registered in accordance with the law.

Article ~~266~~258

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the General Meeting to amend the Articles of Association and the approval of the relevant competent authorities.

Article ~~267~~259

Matters of amendment to the Articles of Association are information required to be disclosed by laws and regulations and shall be announced in accordance with the regulations.

CHAPTER 2420 SETTLEMENT OF DISPUTES**Article ~~268~~260**

The Company shall abide by the following principles for settlement of disputes:

- (I) Whenever any disputes or claims arise from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between (i) the Company and its directors or supervisors or officers; and (ii) a holder of foreign shares (including holders of overseas listed foreign shares and non-listed foreign shares) and the Company's holder of foreign shares (including holders of overseas listed foreign shares and non-listed foreign shares) and the Company's directors, supervisors, managers or other senior management officers, a holder of overseas listed shares and a holder of non-listed foreign shares and a holder of domestic shares, the parties concerned shall resolve such disputes and claims through arbitration.

Where a dispute or claim described above is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are the company or shareholders, directors, supervisors, managers or other officers of the company, shall submit to arbitration.

Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

- (II) A claimant may elect that arbitration be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Centre in accordance with Securities Arbitration Rules.

Once a claimant refers a dispute or claim of rights to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration to be carried out at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights arising from the sub-paragraph (I) above are settled by way of arbitration, the laws of the People's Republic of China shall apply, unless otherwise provided in the law and administrative regulations.
- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.

CHAPTER ~~22~~21 SUPPLEMENTARY PROVISIONS**Article ~~269~~261**

A notice from the Company can be given in the following form:

- (I) Delivered in person;
- (II) Sent by mail;
- (III) By fax or e-mail;
- (IV) Subject to compliance with laws and administrative regulations and the listing rules of the stock exchange on which the Company's shares are listed, by way of publication on the websites designated by the Company and the Hong Kong Stock Exchange;
- (V) By announcement;
- (VI) In such other form as the Company or the person to be notified may agree in advance or as the person to be notified may recognize upon receipt of the notice;
- (VII) Other forms acceptable to the relevant regulatory authorities of the place where the Company's shares are listed or as provided for in the Articles of Association.

Unless the context otherwise requires, the "announcement" referred to in the Articles of Association shall mean, a notice issued by the Company to shareholders of foreign shares listed abroad by way of an announcement shall, on the same day as required by the local listing rules, be submitted to the Hong Kong Stock Exchange through the electronic listing System of the Hong Kong Stock Exchange in an electronic version ready for immediate publication for publication on the website of the Hong Kong Stock Exchange. The announcement must also be published on the company's website.

In respect of the manner in which corporate communications are made available and/or distributed by the Company to its shareholders in accordance with the requirements of the Main Board Listing Rules, corporate communications may be sent or made available to the shareholders of the Company by electronic means, by means of information posted on the Company's website or by post in accordance with the relevant provisions of the relevant laws and regulations and the Main Board Listing Rules as amended from time to time. Corporate communications include, but are not limited to: Circulars, annual reports, interim reports, quarterly reports, notices of General Meetings and other corporate communications as set out in the Main Board Listing Rules.

Shareholders of the Company's foreign listed foreign shares may also elect in writing to receive printed copies of the above corporate communications by mail.

Article ~~270~~262

In the Articles of Association, the meaning of the term "accounting firm" is the same as that of "auditor".

Article ~~271~~263

The Articles of Association are written in Chinese and English with equal legal force. Should there be any discrepancy, the latest Chinese version to be approved and registered with the Company's registration authority shall prevail.

Article ~~272~~264

The power of interpretation of the Articles of Association shall be vested in the Company's Board of Directors. Any matters not addressed in the Articles of Association shall be proposed by the Board of Directors at the shareholders' general meeting for approval.

Article ~~273~~265

In the Articles of Association, the meaning of "no less than", "within" or "no more than" includes the underlying number, while "more than" or "beyond" does not include the underlying number.

Article ~~274~~266

Any notice issued by the Company by way of an announcement shall be deemed to have been received by all relevant parties upon its announcement.

Article ~~275~~267

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article ~~276~~268

If a corporate notice is delivered by hand, the person to be served shall sign (or affix a seal) on the acknowledgement of delivery, and the date of receipt signed by the person to be served shall be the date of service; if a corporate notice is delivered by mail, the 48th hour from the date of delivery to the post office shall be the date of service; if a corporate notice is sent by facsimile or e-mail or published on a website, the date of issuance shall be the date of service; and if a corporate notice is delivered by means of a public announcement, the date of publication of the first public announcement shall be the date of service. The announcement shall be published in an information disclosure medium that complies with the relevant requirements.

Article ~~277~~269

Interpretation:

- (I) A de facto controller is a person who is not a shareholder of the Company, but who, through an investment relationship, agreement or other arrangement, is able to actually dictate the Company's behavior.
- (II) Affiliated/connected relationships refer to the relationships between the Company's controlling shareholders, de facto controllers, directors, supervisors and senior management and the enterprises they directly or indirectly control, as well as other relationships that may result in the transfer of the Company's interests. However, state-controlled enterprises are related to each other not only because they are also state-controlled.

In relation to the above interpretation, the Listing Rules and the regulatory rules of the place where the Company's shares are listed shall apply wherever they provide otherwise.

Article ~~278~~270

The board of directors may formulate detailed rules of the Company in accordance with the provisions of the Articles of Association. These detailed rules shall not conflict with the provisions of the Articles of Association.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Shanghai Bio-heart Biological Technology Co., Ltd.

上海百心安生物技術股份有限公司

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

(Stock Code: 2185)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Shanghai Bio-heart Biological Technology Co., Ltd. (the “**Company**”) will be held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Thursday, February 13, 2025 at 2:00 p.m. (the “**EGM**”) for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

1. To consider and approve the amendments to the business scope of the Company.

SPECIAL RESOLUTIONS

1. To consider and approve the entering of the Investment Agreement and the Shareholders Agreement, the grant of Repurchase Options and provision of share pledge (as defined in the circular of the Company dated January 24, 2025) and the transactions contemplated thereunder and the implementation thereof.
2. To consider and approve the proposed amendments to the articles of association of the Company.

By Order of the Board

Shanghai Bio-heart Biological Technology Co., Ltd.

Philip Li WANG

Chairman and executive director

Shanghai, the People's Republic of China, January 24, 2025

As at the date of this notice, the Board comprises:

Executive Directors:

Mr. Philip Li WANG (*Chairman*)

Mr. Yunqing WANG

Ms. Peili WANG

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Non-executive Directors:

Mr. Yiqing CHEN

Mr. Xubo LU

Mr. Yifei JIANG

Notes:

1. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the circular of the Company dated January 24, 2025.
2. All the resolutions set out in this notice shall be decided by poll.
3. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her/it.
4. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other document of authorization must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of holders of H Shares) or the Company's registered office at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC (in case of holders of Unlisted Foreign Shares) not less than 24 hours before the time appointed for the EGM (i.e. no later than Wednesday, February 12, 2025 at 2:00 p.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of an appointment of corporate representative by a corporate shareholder (other than a shareholder which is a recognized clearing house (as the Hong Kong Securities and Futures Ordinance) (or its nominee(s))), a copy of the resolution of its directors or other governing body of the shareholder authorizing the appointment of the corporate representative or a form of notice of appointment of corporate representative issued by the Company for such purpose or a copy of the relevant power of attorney, together with an up-to-date copy of the shareholder's constitutive documents and a list of directors or members of the governing body of the shareholder as at the date of such resolution, or, as the case may be, power of attorney, in each case certified by a director, secretary or a member of the governing body of that shareholder and notarised, must be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in case of holders of H Shares) or the Company's registered office at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC (in case of holders of Unlisted Foreign Shares) not less than 24 hours before the time appointed for the EGM (i.e. no later than Wednesday, February 12, 2025 at 2:00 p.m.) or the adjourned meeting (as the case may be).
7. For determining the entitlement to attend and vote at the EGM, the register of members of H shares of the Company will be closed from Tuesday, February 4, 2025 to Thursday, February 13, 2025 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of H shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, February 3, 2025.

NOTICE OF EXTRAORDINARY GENERAL MEETING

8. Shareholders of the Company whose names appear on the register of members of the Company on February 13, 2025 will be entitled to attend and vote at the EGM or any adjourned meetings.
9. Shareholders or proxies attending the EGM should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against a resolution. The votes abstained will be counted in the calculation of the required majority. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
10. The EGM is expected to take no more than half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.
11. The address of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
12. The address and contact details of the Company's registered office are as follows:

Room 302, 3/F, Building 4
No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park
Pudong New Area, Shanghai
The People's Republic of China

Telephone: (86) 021-68798511
Email: info@bio-heart.com
13. References to time and dates in this notice are to Hong Kong time and dates.

NOTICE OF THE H SHAREHOLDERS' CLASS MEETING



Shanghai Bio-heart Biological Technology Co., Ltd.

上海百心安生物技術股份有限公司

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

(Stock Code: 2185)

NOTICE OF H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the H shareholders' class meeting of Shanghai Bio-heart Biological Technology Co., Ltd. (the "**Company**") will be held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Thursday, February 13, 2025 at 3:00 p.m. (or immediately after the conclusion or adjournment of the EGM) for the purpose of considering, and if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the proposed amendments to the articles of association of the Company.

By Order of the Board

Shanghai Bio-heart Biological Technology Co., Ltd.

Philip Li WANG

Chairman and executive director

Shanghai, the People's Republic of China, January 24, 2025

As at the date of this notice, the Board comprises:

Executive Directors:

Mr. Philip Li WANG (*Chairman*)

Mr. Yunqing WANG

Ms. Peili WANG

Independent Non-executive Directors:

Mr. Yiqing CHEN

Mr. Xubo LU

Mr. Yifei JIANG

NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

Notes:

1. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the circular of the Company dated January 24, 2025.
2. The resolution set out in this notice shall be decided by poll.
3. Any shareholder of the Company entitled to attend and vote at the H Shareholders' Class Meeting is entitled to appoint more than one proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her/it.
4. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.
5. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the H Shareholders' Class Meeting (i.e. no later than Wednesday, February 12, 2025 at 3:00 p.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of an appointment of corporate representative by a corporate shareholder (other than a shareholder which is a recognized clearing house (as the Hong Kong Securities and Futures Ordinance) (or its nominee(s))), a copy of the resolution of its directors or other governing body of the shareholder authorizing the appointment of the corporate representative or a form of notice of appointment of corporate representative issued by the Company for such purpose or a copy of the relevant power of attorney, together with an up-to-date copy of the shareholder's constitutive documents and a list of directors or members of the governing body of the shareholder as at the date of such resolution, or, as the case may be, power of attorney, in each case certified by a director, secretary or a member of the governing body of that shareholder and notarised, must be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the H Shareholders' Class Meeting (i.e. no later than Wednesday, February 12, 2025 at 3:00 p.m.) or the adjourned meeting (as the case may be).
7. For determining the entitlement to attend and vote at the H Shareholders' Class Meeting, the register of members of H shares of the Company will be closed from Tuesday, February 4, 2025 to Thursday, February 13, 2025 (both dates inclusive), during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the H Shareholders' Class Meeting, unregistered holders of H shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, February 3, 2025.
8. Shareholders of the Company whose names appear on the register of members of the Company on February 13, 2025 will be entitled to attend and vote at the H Shareholders' Class Meeting or any adjourned meetings.
9. Shareholders or proxies attending the H Shareholders' Class Meeting should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against a resolution. The votes abstained will be counted in the calculation of the required majority. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the H Shareholders' Class Meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.

NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

10. The H Shareholders' Class Meeting is expected to take no more than half a day. Shareholders who attend the H Shareholders' Class Meeting shall bear their own travelling and accommodation expenses.
11. The address of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
12. The address and contact details of the Company's registered office are as follows:

Room 302, 3/F, Building 4
No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park
Pudong New Area, Shanghai
The People's Republic of China

Telephone: (86) 021-68798511
Email: info@bio-heart.com
13. References to time and dates in this notice are to Hong Kong time and dates.

NOTICE OF THE UNLISTED FOREIGN SHAREHOLDERS' CLASS MEETING



Shanghai Bio-heart Biological Technology Co., Ltd.

上海百心安生物技術股份有限公司

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

(Stock Code: 2185)

NOTICE OF UNLISTED FOREIGN SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the unlisted foreign shareholders' class meeting of Shanghai Bio-heart Biological Technology Co., Ltd. (the "**Company**") will be held at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Thursday, February 13, 2025 at 4:00 p.m. (or immediately after the conclusion or adjournment of the H Shareholders' Class Meeting) for the purpose of considering, and if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the proposed amendments to the articles of association of the Company.

By Order of the Board

Shanghai Bio-heart Biological Technology Co., Ltd.

Philip Li WANG

Chairman and executive director

Shanghai, the People's Republic of China, January 24, 2025

As at the date of this notice, the Board comprises:

Executive Directors:

Mr. Philip Li WANG (*Chairman*)

Mr. Yunqing WANG

Ms. Peili WANG

Independent Non-executive Directors:

Mr. Yiqing CHEN

Mr. Xubo LU

Mr. Yifei JIANG

NOTICE OF THE UNLISTED FOREIGN SHAREHOLDERS' CLASS MEETING

Notes:

1. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the circular of the Company dated January 24, 2025.
2. The resolution set out in this notice shall be decided by poll.
3. Any shareholder of the Company entitled to attend and vote at the Unlisted Foreign Shareholders' Class Meeting is entitled to appoint more than one proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her/it.
4. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.
5. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's registered office at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC not less than 24 hours before the time appointed for the Unlisted Foreign Shareholders' Class Meeting or 24 hours before the time appointed for taking the poll. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of an appointment of corporate representative by a corporate shareholder (other than a shareholder which is a recognized clearing house (as the Hong Kong Securities and Futures Ordinance) (or its nominee(s))), a copy of the resolution of its directors or other governing body of the shareholder authorizing the appointment of the corporate representative or a form of notice of appointment of corporate representative issued by the Company for such purpose or a copy of the relevant power of attorney, together with an up-to-date copy of the shareholder's constitutive documents and a list of directors or members of the governing body of the shareholder as at the date of such resolution, or, as the case may be, power of attorney, in each case certified by a director, secretary or a member of the governing body of that shareholder and notarized, must be deposited at the Company's registered office at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC not less than 24 hours before the time appointed for the Unlisted Foreign Shareholders' Class Meeting or 24 hours before the time appointed for taking the poll.
7. Shareholders or proxies attending the Unlisted Foreign Shareholders' Class Meeting should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against a resolution. The votes abstained will be counted in the calculation of the required majority. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Unlisted Foreign Shareholders' Class Meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
8. The Unlisted Foreign Shareholders' Class Meeting is expected to take no more than half a day. Shareholders who attend the Unlisted Foreign Shareholders' Class Meeting shall bear their own travelling and accommodation expenses.

NOTICE OF THE UNLISTED FOREIGN SHAREHOLDERS' CLASS MEETING

10. The address and contact details of the Company's registered office are as follows:

Room 302, 3/F, Building 4
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Telephone: (86) 021-68798511

Email: info@bio-heart.com

11. References to time and dates in this notice are to Hong Kong time and dates.